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NEWS SUMMARY

GENERAL

Haig unveils world plan

The Reagan Administration unveiled its broad strategy for world economic development founded firmly on the principles of private enterprise and open markets.

Alexander Haig, U.S. Secretary of State, said at the UN General Assembly in New York, that the U.S. would approach the problems of developing countries in a constructive and co-operative spirit.

He did not mention Third World projects and said it was unrealistic to hope for a massive increase in the transfer of resources from developed to developing countries. Back Page

Botham's denial

England cricketer Ian Botham denied, at Grimsby Crown Court, assaulting a sailor outside a Scunthorpe nightclub and causing him actual bodily harm.

Afghanistan cost

U.S. officials told Nato representatives that Soviet forces had 10,000 killed and wounded since intervening in Afghanistan.

Iraq anger

Iraq wants Israel expelled from the International Atomic Energy Agency for its bombing of Iraq's nuclear research facility in June. IAEA conference. Back Page

Kuwait initiative

Kuwait's ruler, Sheikh Jaber al Ahmed al-Sabah, is to ask the other Gulf states to establish diplomatic and economic ties with the Soviet Union. Page 4

Palace charge

Derek Wapshott, 17, of Kent, detained by police outside Buckingham Palace on Sunday, was charged with possessing an airgun as an offensive weapon.

Air crash: 7 die

Seven died and 61 were hurt when a C-130 military transport aircraft, carrying infantrymen on a training mission, crashed near Las Vegas.

Less jail, plea

Home Secretary William Whitelaw called for fewer and shorter jail sentences. He said it was possible 46,000 would be in jail by the spring. Page 8

Angola call

Kenya's President Moi urged the Organisation of African unity to step up military support for Angloa to drive out South African troops.

Grade quits LWT

Michael Grade, London Weekend Television's director of programmes, is to leave and join Tandem Productions Television, a Californian Company. Page 7

Goon's award

Goon Spike Milligan was awarded the National Bank of Australia's conservation award for his work to preserve wild life.

Howzat?

Ex-cricketer Laurence Houson caught a two-year-old boy as he fell 35 ft from a window in Sheffield. The boy was shaken but unhurt.

Briefly . . .

Impersonator Mike Yarwood had his £50,000 Rolls-Royce stolen while recording a TV show.

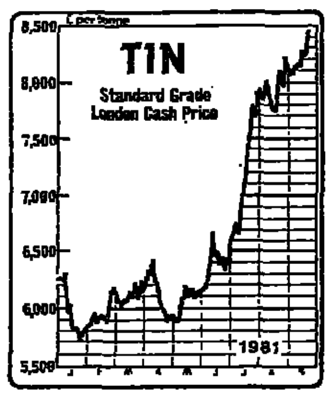
Actress Liza Goddard gave birth to the daughter of singer Alvin Stardust in a London hospital.

Film and stage star Nigel Patrick died aged 68.

BUSINESS

Tin at record high of £8,455

● TIN reachd an all-time high on the London Metal Exchange with a £190 rise to £8,455 a tonne. Page 33



● EQUITIES had another bad day with the FT 30-share index falling 8.5 to 506.9. Page 34

● GILTS recorded early falls, *but rallied on news of U.S. prime rate cuts.* The Government Securities Index was down 0.09 at 62.23. Page 34

● WALL STREET was up 10.56 at 846.75 near the close. Page 31

● STERLING rose 1.9 cents to close at $1.854. It finished lower against European currencies at: DM 4.14 (DM 4.165), SwFr 3.545 (SwFr 3.5725) and FFr9.815 (FFr 9.995). Its trade-weighted index well to 86.7 (87). Page 31

● DOLLAR closed lower at DM 2.233 (DM 2.269); SwFr 1.9125 (SwFr 1.9475); FFr 5.295 (FFr 5.45) and Y224.5 (Y226.25). Its trade-weighted index fell to 106.2 (107.3). Page 31

● GOLD closed at $466, a rise of $18½. In New York the Comex September close was $467.5. Page 31

● U.S. has proposed renewal of the controversial multifibres arrangement (MFA) which regulates the world's textile trade, for 5 years from January 1.

● EEC is to stockpile 2m tonnes of sugar this year in a bid to boost world prices. Back Page

● CREDITANSTALT - Bankverein, the Austrian bank, was admitted to the Bank of England's recognised list. Page 10

● AUSTRALIAN economic growth slowed to 1.5 per cent in the first half of 1981, compared with 6 per cent in the second half of 1980. Page 4

● ROBOT technology exchange between Japan and the UK was announced. Back Page

● SCOTTISH Development Agency has launched a five-year, £450,000 campaign to promote wool cloth exports to six countries, including Hong Kong. *Page 6*

● FIRST investment fund to take advantage of the Government's business start-up scheme was launched by stockbrokers Laurence Prust. Back Page

● BTR *has launched a £25.5m* takeover bid for Serck, the valve and heat transfer equipment maker. Back Page

● BUILDING orders in the 3 months May-July 1981 were 12 per cent up on the previous *3 months and 13 per cent higher* than May-July 1980.

● TARMAC, the roadstone and civil engineering group's profits rose to £14.12m (£13.56m) in the first half of 1981. Page 24, Lex Back Page

● FISONS' pre-tax profits fell to £1.6m (£5.3m) in the first half of 1981. Page 24; Lex, Back Page

● PITTARD Group, the leather manufacturer, reported pre-tax *profits of £352,295 for the first* half of 1981, compared with £46,182 taxable losses for the second half of 1980. Page 24

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:			Haden	217	− 16
Beatson Clark	160	+ 12	Hambros Bank	140	− 15
Boustead	143	+ 9	Ladbroke	135	− 13
Holden (A.)	112	+ 10	Mercantile House	410	− 20
Pittard	49	+ 3	Mills and Allen	448	− 17
RCF 7pcPrf.	68	+ 30	Ransomes Sims	153	− 20
Serck	60	+ 24	Ricardo	420	− 33
De Beers Defd.	380	+ 10	Royal *Worcester*	190	− 20
Tanks Con.	357	+ 22	Simon Engineering	275	− 37
Western Deep	£22¼	+ 1	Tarmac	384	− 10
FALLS:			Unilever	580	− 17
AGB Research	208	− 24	Utd. Scientific	450	− 36
BAT Inds.	351	− 7	Vinten	316	− 16
BTR	312	− 8	Willis Faber	358	− 17
Barratt Dvlpts.	227	− 15	BP	278	− 6
Bestobell	392	− 18	Shell Transport	358	− 6
Blue Circle	478	− 8	Barlow Hldgs.	99	− 11
Cornell Dresses	143	− 9	Anglo Dominion	38	− 7
Farnell Elect.	435	− 20	Colby Res.	145	− 20
Federated Land	113	− 12	Highwood Res.	80	− 15
GEC	708	− 14	Minorco	485	− 38

TGWU executive boosts Benn

BY CHRISTIAN TYLER, LABOUR EDITOR

MR TONY BENN'S CHANCES of wresting the deputy leadership of the Labour Party from Mr Denis Healey were dramatically revived last night by the TGWU, the biggest single constituent in the party's electoral college.

Despite an undisputed rank and file preference for Mr Healey recorded at local branch meetings around the country *the union's general* executive, on a split vote, decide to recommend that the union delegation to the Labour Party conference throw its 1.25m block vote behind Mr Benn.

While keeping Mr Benn in the race, the TGWU decision appears to have put paid to Mr John Silkin's hopes of reaching the second round of the ballot on Sunday night when the party conference opens in Brighton.

The TGWU's 39-person executive took the view that union policy came before personal preference.

Seven of the union's 11 regions (the Northern Ireland region was not counted) recorded a preference for Mr Healey. But three of the largest —London, Scotland and the North West—went for Mr Benn.

After 3½ hours of debate the executive voted for Mr Benn, mainly on the grounds that he represented the union's own policy as decided by the rank and file biennial delegate conference, especially on key issues like defence, the EEC and incomes policy.

Their recommendations will be put to a *40-strong delegation* on Sunday afternoon. Although recommendations by the general executive council are rare, and, when made, rarely overturned, the elected delegates could still decide that the rank and file view should take precedence over yesterday's recommendation.

The importance of the TGWU decision is that *if Mr Benn does* not get the union's vote next Sunday he has virtually no chance in the election. But with the TGWU behind him he could still snatch victory.

Mr Alex Kitson, acting general secretary of the union, who is also this year's chairman of the Labour Party, said yesterday that it was not disputed that the consultation exercise showed a majority for Mr Healey.

But the executive was not *constitutionally bound* by the results of that poll. Nor was the delegation constitutionally bound by the executive's recommendation.

Mr Kitson himself has always said that Mr Benn should not contest the deputy leadership this year. He would have liked to put the union behind Mr Silkin, who is a TGWU-*sponsored MP.*

It is accepted by both factions in the contest that Mr Benn will probably lose in the trade union section of the electoral college. But the margin by which he loses it will be crucial. He will need to do better than expected with the Parliamentary Labour Party votes to win even with the TGWU behind him.

The outcome of the contest appears now to depend on how many of Mr Silkin's supporters among the Labour MPs back Mr Benn in the second round of the ballot.

If the TGWU follows the lead given yesterday, Mr Benn could collect nearly half of the trade union vote. He is already counting on three quarters of the constituency vote.

But the amount by which he falls short in the trade union *section will have to be made up* in the MPs' section. And any significant abstentions by the Silkin faction could ruin his chances.

Elinor Goodman adds: Last night, Mr Healey's campaign-managers were not acknowledging defeat. But privately they acknowledged the TGWU decision was a setback.

The Benn camp, which has been working all along on the assumption that he would get the support of the TGWU, was in a buoyant mood. Mr Silkin said he was like a "little boy who stubs his toe. I cannot pretend that it doesn't hurt."

Continued on Back Page

Jenkins urges reflation, Page 10

Pound, dollar hit as U.S. banks cut prime

BY ANATOLE KALETSKY

CONTINENTAL CURRENCIES continued their powerful rally against the dollar and pound yesterday.

The foreign exchange markets were responding to the French Government's measures in support of the franc and the decision by major U.S. banks to cut prime interest rates yesterday from 20 to 19½ per cent.

Most action in foreign exchanges was in Europe in the first half of the day, as the French franc strengthened by 2.3 per cent against the dollar, from FFr 5.44 on Friday to FFr 5.32.

Against the D-mark the franc rose to FFr 2.382, putting it well within the range permitted by the *European Monetary System,* were its floor is *FFr 2.4093.*

The recovery in the franc also reinforced the D-mark against the dollar and sterling. The dollar closed 1.6 per cent down, at DM 2.2778 in Frankfurt, after Bundesbank intervention to stabilise the dollar's decline.

Sterling generally moved with the dollar, weakening against the Continental currencies. Its trade-weighted index fell from 87 to 86.3 at noon, before recovering to 86.7. Against the dollar it closed at $1.8540, up 1.9 cents. There were reports of significant intervention by the Bank of England.

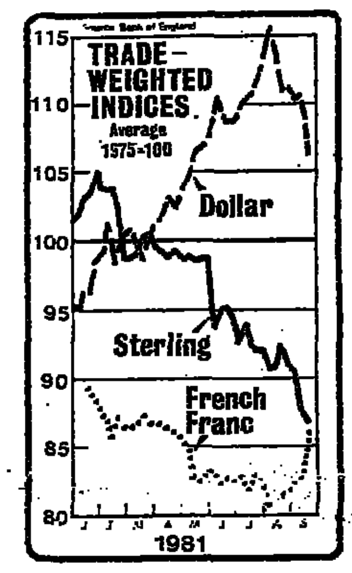
The Bank of France's support for the franc involved raising the money market rate from 17.5 per cent to 18.5 per cent, *rather than 19 per cent as* expected on Sunday.

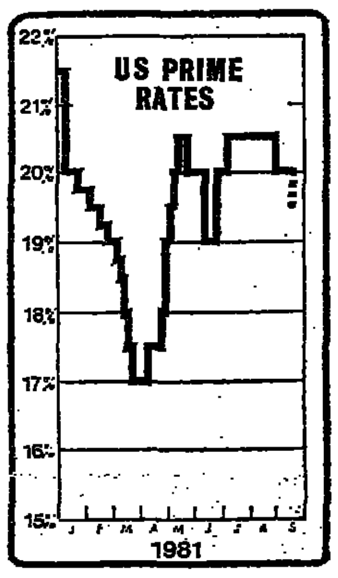
This reverses the downward trend in rates over the past two months and increases cost of funds to banks. But banks were being told to hold prime lending rates at 14.5 per cent and absorb *the additional costs from profits.*

Dealers were puzzled by the French Government's determination to continue to defend the franc at increasing cost. The Bank of France is reported to have spent $1-$2bn on Friday.

The Government's view is that any realignment must be the result of an agreement within the EMS and not dictated by market forces.

In the afternoon, all currency markets were trading quietly. *The initial response in New* York to the cuts in prime rates was extremely muted, and the dollar strengthened marginally.





Some dealers had expected a cut of more than ½ point in the prime rate, following the rapid fall in the key interbank Fed Funds rate, which is now about 15 per cent, having stood at 19 per cent last month.

Yesterday's cut in prime rates, the second since the prime reached a peak of 20½ per cent at midsummer, follows a *general easing* in money market pressures in the past fortnight, thanks to a slackening in credit demand and a greater willingness by the Federal Reserve to supply funds to the banking system.

West Germany expects no realignment. Page 3; editorial comment, Page 22; money markets, Page 32; Lex, Back Page

Richardson calls for more stable exchange rates

BY ANTHONY HARRIS

MR GORDON RICHARDSON, the Governor of the Bank of England, yesterday called on governments to give greater *priority to exchange rate* stability. This would involve some constraint on domestic policy, he said.

In a speech in San Francisco, which will be regarded as a direct criticism of some U.S policies, *he also spoke in favour* of official intervention in the exchange markets—which the U.S. authorities explicitly abandoned. He said that non-intervention was itself a policy, from which markets would draw conclusions.

This might arouse expectations "which on occasion clearly feed on themselves." Intervention might be the only way to avoid "extreme and unnecessary" volatility.

Speaking at the opening session of the International Industrial Coneference in San Francisco yesterday, Mr Richardson said he detected a growing desire on the part of governments, industrialists and businessmen for more stable exchange rates.

There was growing dissatisfaction with the present system and rates had shown no tendency to settle dowa. Large rate movements caused by volatile capital flows did *not* always reflect economic realities, and might cause unhelpful effects in the real economy.

Mr Richardson said that governments might have suffered the illusion that a floating regime removed the external constraints on their domestic policies. It was understandable that, in the first shock of crisis, they should be pre-occupied with home affairs—but, in the longer-run, policies should take account of their external consequences.

Mr Gordon Richardson

Stabilisation would do much to restore business confidence.

"We must bend our efforts to these tasks not only to avoid beggar-my-neighbour policies, but to demonstrate that the world can resume the path of sustainable growth."

French reassure foreign banks

By David Housego in Paris

M PIERRE MAUROY, the French Prime Minister, said yesterday that his Government had no intention of nationalising foreign banks in France.

His declaration came shortly before senior economic Ministers met to redraft parts of the Nationalisation Bill. The revised version, according to M. Jean Le Garrec, junior Minister in charge of the extension of the public sector, will be submitted to the Council of State which acts as judicial adviser to the Government, today.

A final decision on the Bill is to be taken at the weekly Cabinet meeting tomorrow.

On Friday, the Council of State advised that the Government's proposals for taking over French domestic banks with deposits of more than FFr 1bn (£1.7m) was contrary to the Constitution. It based its argument on the view that unless similar action was taken against foreign banks, the Government would be discriminating against domestic institutions.

The ruling put the Government in a difficult position as it had repeatedly said it had no wish to take over foreign banks. Among banks that could have been affected were: Barclays and BCT Midland, of *the UK; the Dutch-controlled* Neuflize, Schlumberger, Mallet; and various U.S. banks.

The Government can ignore the Council of State's advice, although this could undermine the basis of its other rulings *on the Nationalisation Bill* — most of which have gone in the Government's favour.

The revised text was believed last night to provide for new criteria for the nationalisation of banks.

It is also believed to include a new formula for compensation. According to a senior banker the proposal being put forward to yesterday's ministerial meeting would have provided for a weighted system.

Under this, compensation would be geared 50 per cent to the average value of shares in the three years ended December 1980; 25 per cent on the non-consolidated net asset value as shown in the accounts of December 31 1980; and 25 per cent on 10 times the average net profit per share over the three years ended 1980.

£ in New York

	Sept. 18	Previous
Spot	$1.8350-8400	$1.8510-8560
1 month	0.20-0.27 pm	0.28-0.35 pm
3 months	1.00-1.10 pm	1.15-1.25 pm
12 months	3.70-3.90 pm	4.50-4.70 pm

London market rallies after hours

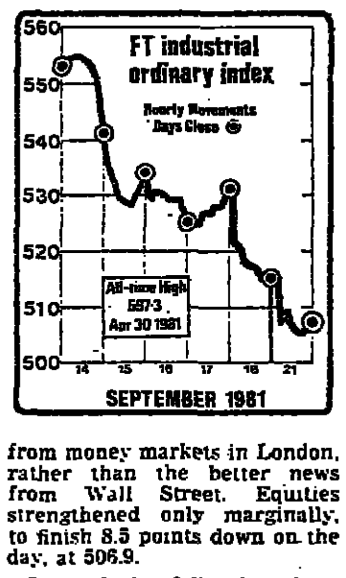
BY ANATOLE KALETSKY

THE LONDON stock market rallied after hours yesterday in response to the news of cuts in U.S. prime rates following a day of thin trading dominated by signs of a further increase in British interest rates.

A rise to 15½ per cent in London inter-bank rates, which could, if it is sustained, put *upward pressure on bank base* rates, sent both gilts and equities sharply downwards in the morning. Fears that the Bank of England would send out another signal to the money markets after lunch, as it did last Monday, were not realised, but there was still no rally.

At 3 pm the FT 30-share index had fallen 10 points. After the 38-point fall last week, there had been hopes of a technical recovery, but these proved groundless. Gilts fell during the *day by about half a point.*

However, after hours trading, influenced by the cuts in prime rates and the stability of sterling, enabled long and medium gilts to recoup the whole of their day's losses. Shorts remained weak, however, responding to the bad news from money markets in London, rather than the better news from Wall Street. Equities strengthened only marginally, to finish 8.5 points down on the day, at 506.9.



Yesterday's falls in share prices repeated the indiscriminate pattern of last week, with leading shares in most sectors suffering. There were also some signs of speculative selling of second-line stocks by traders needing to cover losses. The major exception to the general trend was the gold mines sector, which was boosted by the higher metal price in response to the falling dollar and the easing of U.S. interest rates.

The recent fall in London share prices has been strongly influenced by the weakness of Wall Street and the decline in both the dollar and the pound against the Continental currencies. A lower exchange rate for sterling should be good for corporate profits. However, it is feared that, in the short term at *least this benefit will be out*weighed by the need for further monetary restriction to counteract growing inflationary pressure as sterling drops and by the flight of investment capital

FT's new look

FROM today the Lombard column appears on the page opposite the leader page. The entertainments guide and the crossword puzzle are on the arts page.

CONTENTS

For latest Share Index phone 01-246 8026

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EUROPEAN NEWS

Sig Giovanni Spadolini: warning of credit squeeze

Improvement in Italy's trade deficit

BY RUPERT CORNWELL IN ROME

THE LATEST Italian trade figures provide further evidence of an improvement in the country's external accounts, as Sig Giovanni Spadolini, the Prime Minister, embarks on the final stages of his promised anti-inflation package.

According to Istat, the national statistics institute, July showed a trade deficit of just L803bn (£379m). This was virtually unchanged from that of June, but less than half the monthly average of over L2,000bn (£956m) earlier this year.

The latest figures benefited not only from the import deposit scheme imposed on May 26, but also from a sharp increase in exports. After declining in real terms by 8.5 per cent last year, and by 5 per cent in the first five months of 1981, sales abroad rose in value terms by 46 per cent in July, more than double the rate of inflation.

The trade figures come days after an encouraging balance of payments performance for August, which has brought Italy's payments back into the black (by an overall L549bn) for the first time this year.

One reason for the changed trend is the 30 per cent import deposit scheme. Monetary officials here reckon that the measure is helping to lop between L500bn and L1,000bn off the average monthly import bill.

Not only has demand for foreign goods been reduced by the economic slowdown, but the deposit is believed to have prompted many companies to run down stocks even faster than earlier intended.

On current trends, according to expert estimates here, the year's trade deficit on a CIF basis would run at between L20,000bn and L21,000bn, or L13,000bn to L14,000bn on an FOB calculation. Allowing for an invisibles surplus (including tourism) of up to L4,000bn, the current account might show a deficit of about L10,000bn (£4.7bn) in 1981.

These projections may now be over-pessimistic. Not only has the import scheme been extended a further five months, with the grudging consent of Italy's EEC partners, but the currency markets are at last moving in the country's favour.

The drop in the dollar is finally helping to ease the cost of raw material imports, while the climb in the Mark is boosting the competitiveness of Italian goods in community and other markets.

These developments, however, in no way diminish the urgency of a package to reduce inflation to about 16 per cent next year, by curbing labour costs and holding the overall 1982 public sector deficit down to L50,000bn (£23.6bn), or about 10 per cent of likely GNP.

Ministers are bickering over the cuts, amid constant talks of the likelihood of general elections in the not too distant future. But Sig Spadolini warned at the weekend that the alternative to an agreed package was an unprecedently savage credit squeeze.

Rupert Cornwell reports on the challenges confronting Italy's model city

Modena feels chill of harsh economic autumn

"IF MODENA goes under, then Italy will too," claims Sig Mario del Monte, its Communist mayor. Happily, it should be said at once, there are no conclusive signs that either Modena, or the country at large will meet such a fate. But even in a city which has by Italian standards achieved an almost legendary prosperity, the chill of a harsh economic autumn is now being felt.

Modena used to be the epitome of the Italy which didn't make daily headlines of terrorism, crisis and disorder. But now simple statistics have finally wrenched it out of that fortunate anonymity. Modena's blend of a rich agriculture and thriving industry have made it Italy's richest province alongside Milan.

At the same time, Modena and its province are paradoxically the supreme redoubt of Italian communism. In the city the PCI, the Italian Communist Party, won almost 53 per cent of the vote at the June 1980 local elections. In some outlying centres its share touched 70 per cent.

The contradiction is apparent rather than real. Sig del Monte likes to tell the story of a prominent textiles industrialist in Carpi, 12 miles from Modena and one of Europe's biggest knitwear centres. In despair at the persistent communist sympathies of his workers, he decided to give two busloads of them paid holidays every summer in the Soviet Union, in the hope that a taste of real socialism would teach them the folly of their ways.

The men returned somewhat shocked by the backwardness of much of the USSR and in the best Italian fashion debated the problem endlessly. But nothing changed and today Carpi is a town whose dominant textiles industry operates on exemplary capitalist lines of enterprise and competition, but where the Communist win 70 per cent of the votes.

Nowhere more than Modena demonstrates the idiosyncracies of Italian Communism. There are several reasons for its success there: a background of militant agriculture workers; the resistance of 1943-45 which left the PCI the only decently organised party in the area after the war; and retaliatory "purges" in the late 1940s and 1950s of Communist trade unionists. Many of these trade unionists were forced to set up on their own, and in the process helped create today's fabric of small industries.

The result is the celebrated "Emilian model" of economic development, based on small companies, heavily export orientated, flexible and technologically innovative—thanks mainly to the tight personal contacts which flourish in the area's small communities.

This structure, a blend of Communist dominated co-operatives and 1,700 private industrial concerns employing an average of 45 people each, has proved itself much more suitable for Italy in the 1970s and early 1980s than the struggling giants of Milan, Turin and Genoa in the north.

In orthodox Communist terms, Modena's prosperity rests upon the unity of workers, peasants and the productive middle classes. A neutral outsider might see it as a modern adaptation of the city state that flourished in northern and central Italy in the middle ages. Modena is compact, as integrated as those medieval communes and blessed by a perfect balance between city and countryside.

"Other places," says Sig Germano Bugarelli, former mayor and now responsible for economic planning in Emilia Romagna, "have industry as good or better than Modena's or agriculture as rich, but nowhere has the same combination." The city's population has doubled to 180,000 in 20 years, but the balance miraculously remains.

The lesson to be drawn from Modena is not to change a winning formula. The Communists hold political and economic power — largely through the co-operatives which dominate agriculture and construction. "Here the only multinationals," observed one expert only slightly in jest, "are the Communist co-operatives and their import export companies."

That perhaps is to downgrade such internationally known concerns as Fiat Tractors, Ferrari (now part of the Fiat group), Maserati (owned by Argentinian-born Alejandro de Tomaso) or the Marai ceramics concern in nearby Sassuolo, which plans to open a new plant in Dallas, Texas, in June, 1982, and has sales of $160m (£89m) a year.

The Communists have a vested interest in the success of capitalisation in Modena, not just to promote it as a national showcase for enlightened management by the PCI, but to preserve what has already been achieved. As a result, aggressive private industrialists and the PCI get on tolerably well. "Ideologically, we're poles apart, but we can talk business with them," says a Modena industrialist. The PCI has used its influence to ensure more orderly unions than in other industrial areas, especially the north, although Communist officials deny it.

But Italy's economic difficulties are now presenting the biggest challenge yet to the Modena model. The province's total exports last year of L2,304bn (£1.1bn) were drawn from ceramics (based at Sassuolo) textiles and knitwear (at Carpi), engineering products ranging from cars to machine tools, and agriculture, notably fruit, wine and preserves. Some of these are facing severe difficulties.

Carpi, once the byword for the Italian textile industry's success, is in deep trouble as new competitors both in the Third World and the developed word emerge. Modena's farmers are no less affected than onyone else by the growing discrepancies and imperfections of the EEC's Common Agricultural Policy. Ceramic tiles manufacturers are battling against a slump in overseas demand. Exports were down 20 per cent in volume in the first quarter of this year. The chronic troubles of the domestic building industry and as Rome's inability to forge an energy policy worthy of the name are also damaging the ceramics industry.

These difficulties are made worse by inflation and debt financing, which have pushed the cost of bank borrowing up to 25 or 30 per cent. Investment has declined, while news of 400 impending layoffs in the ceramics sector came as a nasty surprise in a province where full employment is the norm.

But the prospects for the tiles industry seem basically sound and one suspects that local enterprise will succeed in the medium term. With that local chauvinism that astonishes visitors, the Modenese claim that while Bologna, 25 miles to the south, produces mere traders (as well as inferior tortellini), they are true entrepreneurs.

For example, SAPI, a distinctly unglamorous company manufacturing livestock feed from butchers offal, was built up in eight years by Sig Carlo Alberto Rinaldi into a company covering 15 per cent of the total Italian market. With just 85 employees, it has annual sales of L40bn (£19m).

Sharp rise in Swiss GNP

By John Wicks in Zurich

SWITZERLAND'S gross national product rose by 4 per cent in real terms last year, the biggest increase since 1972.

Price adjusted GNP thus returned to a level above that registered before the 1975 recession, according to a government statement.

Nominal growth was of 7.1 per cent to a record figure of almost SwFr 177bn (£45bn). National income expanded at nearly the same rate, growing by 7 per cent to SwFr 149.3bn.

A major impulse to 1980 economic growth came from the domestic investment sector, with a rise in real terms of about 13.2 per cent. Marked increases were shown for construction and equipment investments and the refurbishing of stocks.

Private consumption accelerated last year to show a price adjusted rise of 2.5 per cent.

Despite an increase in exports over the year — the result, in part, of more favourable exchange rates — a jump in imports led to the country's record trade gap of SwFr 11.88bn.

Foreign-trade growth was attributable largely to price increases of 12.5 per cent for imports and 6.2 per cent for exports.

The Swiss economy is likely to cool down in the coming months, says a report issued at the same time by the official Commission for Economic Studies. This should, however, have little effect on full employment: the country has a jobless rate of only 0.1 per cent.

Foreign demand for Swiss capital goods, which showed some improvement in the second quarter owing to the relatively weak Swiss franc, is seen as remaining at present levels in the near future.

Overall domestic demand is expected to continue to expand slowly, although building investments are falling off.

The Commission fears that inflation may accelerate in Switzerland. In August, the cost-of-living showed a 7.4 per cent annual growth, the highest in six years. However, the report claims that inflation would be brought down quickly by a marked increase of the Swiss franc against the dollar.

Bohman to resign as Swedish Conservative leader

STOCKHOLM — Mr Gosta Bohman said yesterday he would resign his post as Swedish Conservative Party leader at the next party congress in October.

The decision came after Mr Bohman made sure the next leader would be appointed without internal struggle within the Moderate (Conservative) Party, the biggest of the three non-socialist parties in Sweden.

Mr Bohman is resigning because of his age and to be able to spend more time with his family, he told the press.

The 70-year-old politician was appoinfed party leader in 1970. The party had been losing considerable ground for a decade, and in the 1970 elections it only captured 11.5 per cent of the votes.

Under Mr Bohman's leadership, however, the Conservatives managed to advance sufficiently to gain 15.6 of the votes in the 1976 elections and become part of the first Swedish non-socialist government in 44 years.

Mr Bohman subsequently held the position of Minister of Economy in two governments, until the Conservative Party resigned in April this year after a disagreement on tax issues with the other two ruling parties, the Liberals and the Centrists.

Mr Ulf Adelsohn: next party leader

Mr Ulf Adelsohn, 40, former Minister of Communications, has been unanimously agreed upon by the election committee as the next party leader. AP

Business investments in Sweden face steep fall

BY WILLIAM DULLFORCE IN STOCKHOLM

THE WORSENING in Sweden's economy, which prompted last week's 10 per cent devaluation of the krona, is illustrated by newly published indicators for industrial performance and price developments.

The business survey taken by the Statistical Central Bureau in the year up to September 3 pointed to a 20 per cent fall in business investments in 1982.

During 1981 only the pulp and paper companies and the engineering sector expected to increase their capital spending compared with 1980.

Provisional estimates by the bureau indicate that industrial output fell by 2 per cent in the first half of this year compared with the second half of 1980.

The bureau also reports an 8.4 per cent increase in consumer prices in the eight months to the middle of August, while the Price and Cartel Board, using a slightly different measure, records an 8.7 per cent increase to the end of August.

Both put the 12-month rate of inflation by the end of August at 14.2 per cent, compared with 13.9 per cent at the end of July.

Among Sweden's eight largest trading partners, only Norway had a higher inflation rate over the 12 months to July.

Sweden's devaluation was accompanied by a 3.46 per cent reduction in value added tax and a freeze on domestic prices to the end of the year.

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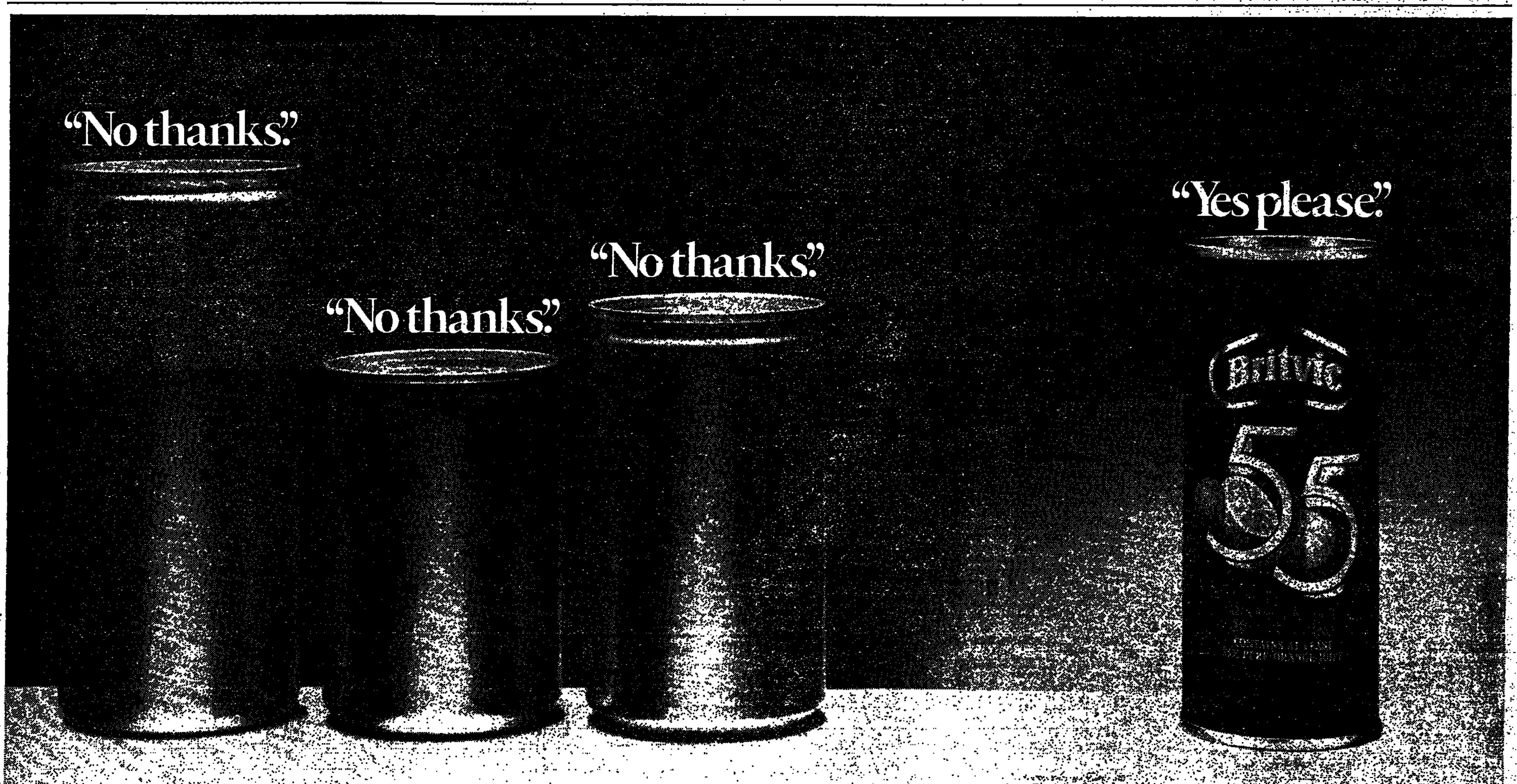


EUROPEAN NEWS

W. Germany expects no realignment in EMS

BY JONATHAN CARR IN BONN

WEST GERMANY has welcomed the steps taken by France to support the franc, and says it does not expect a realignment in the European Monetary System (EMS) at present.

The Bonn Government made this clear yesterday following the decision by Paris to tighten exchange controls and increase money market rates to try to boost its faltering currency.

Despite these public assurances, there is a growing feeling in official circles here that the main question is not whether there will be an EMS realignment but how soon it can be carried out smoothly.

Officials recall that parity changes in the EMS in its two-and-a-half years of operation have not been forced on the participants during fierce bouts of currency turbulence. On the whole they have been decided at moments when the markets were not expecting them.

It is pointed out that with the present sharp drop of the U.S. dollar—against the D-Mark in particular—this would be a very bad time to revamp the EMS. The belief is that the dollar has fallen too speedily for comfort, that it may be due for an at least temporary recovery, and that the Europeans should not start realigning their currencies in these circumstances.

Quite apart from this objective consideration affecting the timing, the West Germans recognise that the new French socialist Administration feels itself under strong psychological pressure not to devalue the franc. It would be the first such devaluation for the franc since the system came into force in March, 1979.

Bonn officials also sympathise with the French view that a devaluation would boost the domestic inflation rate—which is more than double that of West Germany—and probably create new tensions in the EMS before long.

On the other hand, the West Germans fear that the planned growth in public spending in France is bound to mean a further increase in prices, and this in itself spells major problems for the future of the EMS.

The question is whether the West Germans would be prepared to revalue the D-Mark by enough to relieve the strains within the EMS and permit other participants to escape devaluing.

The answer will probably only come when Bonn sits down with its partners to discuss realignment. But Government officials already reject recent reports that Bonn is against a revaluation on principle because it would make the German export effort more difficult.

On the contrary, it is felt that the extra defence against imported inflation gained through a stronger D-Mark in the EMS would now more than outweigh a partial drawback on the export side.

Exchange dealers await move

BY STEWART FLEMING IN FRANKFURT

MANY West German foreign exchange traders still feel that an EMS realignment will come later in the autumn, even though the authorities have been able to avoid being forced into a change by the markets. The German authorities see advantages in a revaluation of the D-Mark which would help fight inflation.

The rally in the D-Mark over the past 2½ weeks has already increased pressure on the Bundesbank to ease its monetary policy and lower interest rates to help revive the flagging economy.

The Social Democratic Party yesterday called for such a step and there was speculation in the Frankfurt financial markets that the Bundesbank could act at its fortnightly Central Council meeting on Thursday.

In view of the priority the Bundesbank has given to fighting inflation, the chances of the central bank moving to lower rates should not be exaggerated. It is possible the Bundesbank would be happier easing its monetary policy against the background of an improvement in the inflation figures and some assurance, through a D-Mark revaluation, that further declines in inflation can be expected.

The lowering of bond yields and rise in bond prices is put down to a combination of overseas and domestic buying, with foreign purchasers looking for the profit from holding marks and capital gains from the decline in yields.

The improvement in the bond market will be especially welcome to bankers who have been holding big bond portfolios with the fear that they might have to be heavily written down at the end of the year.

Provided the markets do not reverse themselves in the next few months, bond portfolio losses will be less than might otherwise have been the case.

Reuter adds from Brussels: Dealers here still regard an EMS realignment, based on a revaluation of the Mark, as inevitable.

The Belgian Franc, the weakest member of the EMS, which has been heavily supported by the financial authorities in recent weeks, would almost certainly be pulled down in such a realignment, the dealers said.

Belgian Government leaders have said they would not allow the franc to be devalued. But a general EMS realignment would allow them to lower parities without the political unpopularity which might follow a devaluation, according to dealers.

Security ring for terrorist trial

BY ROGER BOYES IN BONN

ONE OF the most important West German terrorist trials opens in Frankfurt today capping four years of investigation into the killing of Herr Juergen Ponto, the then managing director of Dresdner Bank.

The opening statements will be heard under tight security amid fears of possible attacks by the Red Army Faction (RAF)—once known as the Baader Meinhoff group—who claimed responsibility for the Ponto killing in 1977.

After a period of relative quiet, the RAF group appears to have become active again. It claimed to be behind the recent assassination attempt on a U.S. General and an attack on the Ramstein U.S. air base.

Although German authorities originally wanted to press full murder charges against the accused, Miss Seiglinde Hofmann, they were revised after Miss Hofmann was captured in Paris in the summer of 1980 but was extradited to Germany on the condition that she should not stand trial for murder.

The charge is now an elaborate one. It alleges that she was a member of a criminal conspiracy to kidnap and blackmail but which later led to the death of Herr Ponto. This charge still allows the prosecutor to seek a life sentence.

The Federal Authorities believe that at least two other women and one male terrorist may have been involved in the controversial Ponto killing. It followed the murder of the Federal State Prosecutor Dr Seigfried Buback, and was succeeded by the kidnapping and assassination of Herr Hans Martin Schleyer, the president of criticism from the French. the employers' federation.

Police believe that 12 hardcore RAF terrorists are still at large, although it is not clear whether they are all in Germany. A significant number of members have given themselves up. Two of them—Herr Volker Speitel and Herr Karl Heinz Dellwo—will give evidence against Miss Hofmann. Both were given sentences that were identical to the period they spent under investigatory arrest and could thus go free after their trial.

The terrorists that are still active appear to have changed their tactics from the late 1970s. Instead of aiming at business chiefs, their targets have been specifically American.

They evidently hope that this will gain them sympathy among the anti-American elements in the youth protest movement. Certainly some attacks on American establishments—the latest involved explosives planted in a U.S. railway supply depot—appear to be the work of amateurs.

EEC drink tax plan may fail

By John Wyles in Brussels

THE excise taxes and duties with which EEC member states favour their own brews are expected to survive another harmonisation attempt by Community Ministers today. There have been several previous attempts in the last nine years.

If the attempt fails, the European Commission may launch cases against member states for breaching Common Market rules through discriminatory taxes.

Britain's duties on wine and bear may be the first to be assailed. Early last year the European Court of Justice said the UK's taxes favoured beer at the expense of wine but it allowed the Commission and the UK until the end of this month to work out a compromise.

The only prospect of this happening would be in the context of a package agreement today embracing excise duties on virtually all alcoholic drinks. If this proves as elusive as in the past, the court may determine the acceptable ratio between British wine and beer taxes.

The British duty on wine is 4.18 times larger than on beer and it is almost certain the court would demand a reduction over a period of time. This would imply some increase on the cost of a pint of beer and a reduction in the price of a bottle of wine.

Senior Community officials say any chance of a breakthrough today has been wrecked by a French decision to introduce a differential duty system to help Cognac and Armagnac producers. The Commission is expected to challenge this more in the European Court of Justice.

Italy and Greece are worried about the possible impact on grappa and ouzo

Irish bank staff turn down offer

By Brendan Keenan in Dublin

IRISH BANK STAFF have overwhelmingly rejected an average 10 per cent pay offer to co-operate with new technology over the next five years.

Their decision has raised fears of another bank strike in Ireland. The ballot of the 20,000 members of the Irish Bank Officials' Association gives the executive power to call a strike in the event of a failure to reach a settlement.

But negotiations are far from over and there are still hopes that agreement can be reached. The staff want an improvement on the present offer, which would give 12 per cent to those working in the Republic and 7 per cent to those in Northern Ireland and Britain.

The banks are seeking—as well as the co-operation on new technology—a "peace clause" which would outlaw industrial action for the next five years. A similar peace clause was featured in a recent comprehensive deal by the Republic's electricity Board, the ESB.

Turkey to receive $25m Opec loan

Oil exporting countries agreed at the weekend to lend Turkey $25m to be used for helping its balance of payments problems, reports Opec news agency.

The Organisation of Petroleum Exporting Countries' Fund for International Development is also to make a grant of $25m to allow the Food and Agriculture Organisation of the United Nations to increase food stocks held as an international emergency food reserve. These moves were announced yesterday following a meeting in Vienna of the governing board of the Opec fund.

France launches train to beat the world

BY DAVID WHITE IN PARIS

FRANCE'S prestige High Speed Train — the TGV — makes its inaugural trip on the Lyons-Paris line tonight, with President Francois Mitterrand bravely sitting in the driver's cab as it passes 160 mph.

The TGV, using a special passengers-only section of track cutting the corners of the country's most congested rail route, will be the fastest operating train in the world, overtaking Japan's Shinkansen and stealing the show from Britain's delayed Advanced Passenger Train (APT).

The grandoise project comes to fruition under M Charles Fiterman, the Communist Transport Minister, who is bent on increasing the importance of the railways.

Other projects have already been mooted before the first commercial test: a line to the west, branching off to Brittany and to Bordeaux, and another to the north, heading perhaps one day down a Channel tunnel.

The Paris-Lyon TGV, on which work began five years ago after 10 years' deliberation, will have cost about FFr 10bn (£1bn), representing a moderate cost overrun of about 5 per cent. The bulk of this is the price of the new track.

Travel time is being cut from three hours fifty minutes to two hours forty minutes. In 1983, with all the new track finished, it will be down to two hours. A branch towards Geneva is being inaugurated on Thursday.

Commercial services start next Sunday. The 6.15 from Paris Gare de Lyon was fully booked two months in advance.

The trains will be run on a bookings-only basis, with the original feature of automatic reservation distributors installed in stations. Meals will be served by aircraft-style hostesses with trolleys. Electronic signals will light up in the driver's cab, since traditional railway signals are not easily legible at 160 mph.

Dutch present job scheme

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS should take a larger share of oil company profits and direct the investment strategy of banks and other institutions to pay for an ambitious job creation programme, according to Mr Joop den Uyl, Minister for Social Affairs and Employment.

The new Government should spend Fl 4bn (£870m) annually to create jobs. More than 396,000 people—9 per cent of the working population—are unemployed and this figure is expected to increase.

Half of the cost of this jobs programme can be met by holding down wages and cuts in public spending, but the rest should be financed by the Government taking more of the profits of Royal Dutch Shell and Exxon, Mr den Uyl said. The two companies have a half share each in Nederlandse Aardolie Mij (NAM), which seeks and develops the country's oil and gas reserves.

The Government should reach agreement with the banks, insurance and investment companies on their investments, Mr den Uyl said. "If we reduce spending and if people earn less so that there is money left over, then the Government should see that that money is invested."

Wage moderation should lead to an average fall of 1.5 per cent in the real level of incomes, with those on top salaries conceding the most and those on the minimum wage losing 1 per cent at most. This would provide Fl 3bn annually.

U.S. mine offer to Poland

By Christopher Bobinski in Warsaw

DR ARMAND HAMMER, head of Occidental Petroleum, has suggested a joint venture to the Polish Government under which Occidental would provide $100m (£54.3m) to build a sulphur mine in south east Poland.

He has also offered $40m which is needed to complete a PVC factory being built in Wloclawek under a contract with Petrocarbon.

Dr Hammer, who has close commercial and trading links with the Eastern bloc, notably the Soviet Union, said here yesterday that the sulphur mine could be working within three years, producing 1m tonnes a year.

Last year Poland produced 5.2m tonnes of sulphur—an increase of 7 per cent on 1979.

Output this year, affected by the shortage of fuel and the general economic malaise, is expected to drop sharply to 4.7m tonnes.

Eyskens fights to stay in power

Mr Mark Eyskens, the Belgian Prime Minister, yesterday made a last-ditch bid to avoid resigning, reports Giles Merritt from Brussels.

Following a Cabinet meeting that failed to close the rifts in his divided coalition Government, Mr Eyskens had private talks with King Baudouin at which it seemed inevitable that he would submit his resignation.

Instead, Mr Eyskens announced that he would be convening a further Cabinet meeting at 9 am this morning before seeing the King once again. The Prime Minister has in effect postponed the moment of his resignation in the hope that overnight negotiations might win him a reprieve.

Kuwait calls for Soviet links

By Patrick Cockburn

THE RULER of Kuwait is to ask other Gulf states, including Saudi Arabia, to establish diplomatic and economic relations with the Soviet Union and East European countries.

Kuwait is the only conservative Arab oil state to have full diplomatic ties with Moscow and is keen to limit the dependence of its neighbours on the U.S.

The statement by the Emir of Kuwait, Sheikh Jaber al-Ahmed al-Sabah, was made to Kuwaiti newspaper editors at the end of his 12-day tour of Rumania, Bulgaria, Hungary, Yugoslavia and Turkey. He said he planned to ask the Gulf Co-operation Council, consisting of Saudi Arabia, Kuwait, Bahrain, Oman, the United Arab Emirates and Qatar, to establish diplomatic relations with the Soviet Union

The suggestion by Sheikh Jaber that Saudi Arabia and Moscow should exchange ambassadors has added significance at a time when the U.S. Congress is resisting the sale of Awacs surveillance aircraft to the Saudis. It is possible, according to diplomats in Kuwait, that the Saudis might have blessed the Kuwaiti Emir's tour of Eastern Europe in order to put pressure on Washington.

If Saudi Arabia did modify its established policy of hostility to the Soviet Union it would be a severe blow to U.S. attempts to line up its allies in the Middle East

SURVEY REVEALS GROWTH HAS SLOWED

Australian economy may be flagging

BY PATRICIA NEWBY IN CANBERRA

THE Australian economy may be running out of steam according to a survey published yesterday by the Confederation of Australian Industry and one of the country's biggest banks, the Bank of New South Wales. It shows waning confidence among manufacturers after last year's buoyant outlook.

Economic growth in the six months to June 30 slowed to 1.5 per cent, compared with 6 per cent in the half year to December.

This, combined with last month's deflationary budget, trade deficits in July and August and falling profits by some of the country's biggest mining companies have given weight to the argument that business is not booming.

The survey of 266 companies, taken during the first two weeks of this month, shows that manufacturers' optimism about the general business outlook over the next six months has waned after an unexpected slowdown in the growth of manufacturing.

The joint survey asks manufacturers to report on their performance for the previous three months

Lack of new orders was cited as the main limiting factor on increased production, although tight liquidity and high interest rates were also mentioned.

Growth in manufacturing employment halted in the three months to September following the upturn in employment over the past year. But manufacturers, like other sectors of the economy, reported difficulties in finding sufficient skilled labour.

The survey is consistent with a recent Department of Industry and Commerce study of expected construction and infrastructure development in Australia. This showed that expectations in these fields had moderated considerably over the past six months.

As long as foreign investment continues to flow into the country at the record rate of last year's A$6bn (£3.8bn), the Treasury will not be too worried

But senior Ministers, including Mr Doug Anthony, the Deputy Prime Minister and Minister for Trade, has publicly questioned the assumption that Australia can continue to expect capital inflow at the same rate as last year.

John Douglas Anthony

Return-to-work order to marine engineers

BY OUR CANBERRA CORRESPONDENT

STRIKING Australian marine engineers were yesterday ordered to return to work after talks between arbitration officials and the Institute of Marine and Power Engineers.

Some Australian states are critically short of petrol because the strike has held up about 60 ships around the country. The engineers were today meeting to discuss the return to work order.

The South Australian State Government has frozen petrol supplies except for emergency services and rationing is widespread in other parts of the country.

The three-week-old dispute is over claims by the Institute of Marine and Power Engineers for increased pay and improved conditions.

About 300 engineers are involved, but skeleton crews have been provided on some ships to ensure the safety of vessels and crews.

Mr Ralph Hunt, Transport Minister, said he was "extremely concerned" at the increasing number of serious stoppages on the Australian waterfront which threatened exports and caused hardship in the country.

During the eight months to August 31 this year there have been 67 disputes involving 23 unions at Australian ports and there has not been a single day which has been completely free of strikes affecting at least some shipping.

Australia appears to have the worst record in the world for shipping disputes.

The 1979-80 annual report of the shipowners' mutual strike association shows that 61.9 per cent of claims for losses incurred by strikes arose from industrial action in Australian ports. The U.S. was next with 10.5 per cent.

According to the 1981 Coking Coal Manual (Tokyo 1981) Japanese steelmakers lost A$180m (£112.5m) for the 12 months to March, 1980 as a result of disrupted coal supplies from Australia.

This year an estimated average of 35 days delay has been experienced by ships wanting to load coal from Newcastle and Port Kembla.

Apart from the marine engineers dispute about 30 coal loaders are waiting off Newcastle in New South Wales because of a ban on flags of convenience by maritime unions.

Inquiry delays Chinese deal

By Richard C. Hanson in Tokyo

THE SALE of a powerful Japanese computer to China is being stalled while the U.S. Government determines if the machine can be used for military purposes.

Hitachi Limited, yesterday revealed that it has received a tentative order for one of its most powerful large-scale computers — the M-180 — Hitachi has sold several smaller computers to China, including two medium-range M-170 models for meteorological use. The M-180, however, with a memory capacity of over 10m characters, apparently brushes very close to what the U.S. considers a "demarcation line" on advanced computers suitable for export to a Communist country.

Approval by the Paris-based COCOM, which co-ordinates Western exports of strategic goods to the Communist bloc, depends on the U.S. It appears that a decision is being delayed by the U.S. Department of Defence. The Japanese Foreign Ministry would only say yesterday that the U.S. Government is still examining the matter.

The computer reportedly would be used for research at a university in Peking. The machine is capable of sophisticated scientific calculations. Hitachi applied for COCOM approval some time ago.

Japan's position is that exporting such a computer is in line with a general trend toward loosening restrictions on exports to the U.S.

Hitachi received the order through the China National Instruments Import-Export Corporation.

Sadat to hold a second referendum

By Anthony McDermott in Cairo

President Anwar Sadat is to organise another referendum to approve a "document defining the criteria of a healthy democracy."

Egypt's voting public earlier approved the arrest of 1,700 Moslem extremists, Copts and political opponents.

Until the document is promulgated, no new political parties will be established or party papers published.

The focus of Mr Sadat's clampdown, originally aimed at sectarian strife between Copts and Moslems, is shifting its target. While castigating anyone who uses religion for political ends, Mr Sadat says the Cabinet will soon adopt measures against what has now become known as "al-Tasayyub," loosely-translated as backsliding or lack of discipline.

The universities, which reopen early next month, are a major target. But the trends of the next period are clear. Mr Sadat said in a newspaper interview yesterday: "We are going to get rid of al-Tasayyub everywhere — in the street, in the university, at school, in the public and private sectors, at home, in the city and in the village."

Gandhi accuses U.S.

Indian Prime Minister Indira Gandhi, yesterday accused the U.S. of wanting to establish bases in Pakistan, in an interview with an Australian newspaper, Reuter reports from Sydney. Mrs Gandhi said U.S. arms aid to Pakistan was a deliberate irritant to the Soviet Union.

Accusing Washington of trying to make Pakistan replace Iran as its policeman in the region, Mrs Gandhi said the U.S. was hostile to India because "We do not fit in with their global strategy."

Suzuki pledge

Prime Minister Zenko Suzuki of Japan said his country is ready to resume an official governmental dialogue with the Soviet Union, suspended since the December, 1979, Soviet invasion of Aghanistan, AP reports fro Tokyo.

Lebanon bombings

A booby-trapped gas cylinder exploded in the northern port of Tripoli yesterday while two car bombs were defused in Beirut and the southern port city of Sidon, carrying a spate of terrorist bombings in Lebanon into a second week, AP reports from Beirut.

Legal plans

China will train 57,000 outstanding army officers as civilian lawyers, joining the nations 4,800 lawyers and 200,000 judicial workers, the official Xinhua news agency said yesterday, AP reports from Peking.

Seoul budget up

The South Korean Government has proposed a $14bn budget for 1982, 34.4 per cent of which is earmarked for defence spending, AP reports from Seoul. The proposed budget represents an increase of 22.2 per cent from the 1981 budget.

U.S. follows up summit with visit to Israel

BY DAVID LENNON IN TEL AVIV

A SENIOR U.S. State Department official has slipped into Israel for what a U.S. embassy spokesman said was a "follow-up" to the recent summit in Washington between Prime Minister Menahem Begin and President Ronald Reagan. He is one of a number of Reagan Administration officials here for talks apparently designed to strengthen the military and strategic ties between the two countries.

Mr Robert McFarlane, a senior counsellor at the State Department, who served as Mr Alexander Haig's trouble-shooter following the Israeli attack on the Iraqi nuclear reactor, is here for "high level" talks with Israeli officials, according to the embassy.

Another sign of the rapid follow-up to the summit was the arrival here of Mr Frank West, U.S. Assistant Secretary of Defence, who is in charge of the Department co-ordinating the Reagan Administration's sale of Awac spy aircraft to Saudi Arabia.

He has met with Mr Ariel Sharon, the Defence Minister, and top army officers to discuss what the U.S. embassy describes as "mutual interests," generally interpreted as meaning the strategic co-operation agreed upon in principle at the summit.

More visible and specific in its task is the special defence-trade team which is here to study the possibility of purchasing $200m (£105m) worth of military equipment. This hardware is expected to be prepositioned in Israel for possible use by the American Rapid Deployment Force.

The nine-member team which includes officials from the Pentagon, the State Department and the White House will make a report on its findings after visiting the country's military and aviation industries as well as plants making electronic equipment for the military.

This is the first practical expression of an American undertaking given during the visit here in April by Mr Alexander Haig, Secretary of State, that Washington would be prepared to purchase $200m-$250m worth of equipment from the local military industries in order to ease Israel's economic burdens caused by the regional arms race.

One of the premier tasks of the team is to explain to the local producers just how to apply for Pentagon tenders. The Americans have already rejected Israel's requests for preferential status on the sale of military equipment.

● Mr Yoram Aridor, Israel's Finance Minister, left here yesterday for the U.S. with a total Israeli aid request from the Reagan Administration of $3bn (£1.6bn) for the fiscal year 1983.

The Israeli aid request, made up of $1.9bn for the military and $1.1bn for the civilian sector, was officially put to the U.S. 10 days ago, a Finance Ministry spokesman said.

Mr Aridor's main task will be to persuade the Americans to make half of the military aid package an outright grant, officials said.

Major changes ahead in Malaysian banks

BY WONG SULONG IN KUALA LUMPUR

MAJOR management changes are expected in Malaysia's three largest banks over the next few weeks, as Dr Mahathir Mohamed, the new Prime Minister, seeks to assert his influence in the finanical sector.

According to banking officials, the chairmanship of Malayan Banking, Bank Bumiputra and United Malayan Banking Corporation would be replaced by executives from the non-banking sector.

Mr Jaafar Hussein, head of the accounting firm, Price Waterhouse in Malaysia, is expected to be the new executive chairman of Malayan Banking, the country's biggest bank.

Dr Nawawi Mat Amin, chairman of Mara (Council of Trust for the Indigenous Peoples) and a rising political star, is tipped to take over at Bank Bumiputra.

Mr Hussein Ahmad, a Malaysian civil servant, now with the Islamic Bank, is expected to head UMBC.

Several directors of these three banks are also expected to be replaced.

Bank Bumiputra is owned by the Malaysian Government which has substantial stakes in the other two banks to dictate its board membership.

The changes will erode seriously the influence of Tengku Razaleigh, the Finance Minister, in the banking industry.

Under former Prime Minister, Datuk Hussein Onn, Tengku Razaleigh had a free hand in managing the country's economic and financial affairs, often bypassing Dr Mahathir, who on assuming the national leadership two months ago, made it clear he would make his voice felt in these areas.

Tengku Razaleigh lost the number two post in the ruling Umno in June to Musa Hitam,

News blackout brought in for Namibia talks

BY JOHN WICKS IN ZURICH

A complete news blackout went into operation yesterday as senior South African and U.S. officials opened talks on U.S. proposals to bring independence to Namibia.

The meeting between Mr Chester Crocker, U.S. assistant secretary of state and Mr Brand Fourie, South African Foreign Affairs Director and their delegations was held at a secret venue—believed to be a Zurich hotel.

The meeting is understood to be aimed at clarifying U.S. proposals which set a target date of January 1 1983 for the independence of the territory, which South Africa administers. The U.S. plan is then due to be discussed in New York on Thursday by the foreign ministers of Britain, France, West Germany, Canada and the U.S.

Reagan likely to announce more cuts this week

BY DAVID BUCHAN IN WASHINGTON

expected to announce this week, possibly in a mid-week televised address, where the axe will fall on public spending, in a further series of cuts designed to keep the 1981-82 Federal Budget deficit from ballooning beyond its target of $42.5bn.

A demonstration of 250,000 people, organised by the AFL-CIO trade union federation, was held in Washington over the weekend to protest already-enacted cuts of $35bn in *domestic and social programmes* in the 1981-82 fiscal year that starts on October 1.

Evidently undismayed by a rising tide of discontent, the President said yesterday that he wants the private sector to "take over" responsibilities that "are not being very well done" by government. The possibilities for what he called "volunteerism" were limitless, he claimed.

Mr Reagan is said to be planning to prune public spending by $16bn in 1981-82 and an overall $75bn in the next three years, to persuade the Wall Street *financial markets that his* policies will not perpetuate high interest rates and inflation.

Among the latest candidates for the cuts are rumoured to be the Education and Energy Departments which were created by President Jimmy Carter and which Mr Reagan promised during the 1980 campaign to abolish, and the Treasury's Bureau of Alcohol, Tobacco and Firearms.

The latter is a favourite target of the powerful gun lobby, since it is charged with enforcing what weak national gun-sale *controls the U.S. has.*

Its abolition would save only about $150m and might seem ironic for an Administration pledged to crack down on crime. But, despite his brush with death last March, Mr Reagan has never been a friend to gun control efforts.

At a meeting with business and community leaders, Mr Reagan said that private industry, *for instance*, could do better than Government in helping the disadvantaged in many areas.

U.S. holds $2m Iranian reserves

BY OUR WASHINGTON CORRESPONDENT

THE U.S. Government has impounded some $2m in Iranian Government money, as well as holding on to Iran's Embassy and Consulate office in the U.S., pending a settlement of the fate of the U.S. Embassy building and some U.S. funds in Tehran.

The U.S. move makes it difficult for Iran to continue operating its interest section in the U.S. Algerian Embassy in Washington, unless Iran brings more money into the U.S.

The move is designed, State Department officials said as a bargaining counter to get Iran to unfreeze £1m in U.S. funds in Tehran and to turn that and the vacant U.S. Embassy building in the Iranian capital over to the Swiss, who represent U.S. interests there.

The sums involved are tiny compared to multi-billion dollar transfers that followed the release of the U.S. hostages last January.

But U.S. lawyers acting for the Iranian Government warned this week that the latest U.S. action could complicate the remaining task of settling U.S. corporate and individual claims for compensation against Iran.

Nassau finance talks will focus on poorest nations

NASSAU—Commonwealth Finance Ministers open two days of annual talks here today with the focus on the worsening *plight of the world's poorest* nations.

Stopping on their way to the annual meeting of the Interna*tional Monetary Fund (IMF)* and World Bank starting in *Washington on September 29*, the 44 Ministers face a cheerless economic scene with *large* and small nations struggling to *restore growth and* confidence.

The Ministers are especially worried about the problems caused by high interest rates *and the growing* debts of the non-oil-producing poor countries.

Conference officials, citing the deep racial, political and economic differences among the *provide a glimpse of the prob-* delegates, said the talks would *lems to be dealt with* at the Washington meeting and *next month's conference in* Cancun, Mexico, where leaders *from 21 industrial and Third* World nations will resume the *North-South dialogue.*

High on the list of concerns for the poorer countries is for pressure to be put on the major industrial powers, especially the U.S., to ease their punitive interest rates. Reuter

Protection pledge for independent Belize

BY STEPHANIE GRAY

BRITAIN ANNOUNCED yesterday that in the event of an armed attack against the newly independent Belize, or the *threat of one*, the governments of seven nations, including the UK, had agreed to "*consult*" one another on "what action should be taken in relation to such an attack."

The announcement will be of little solace to Belizians worried about reports of a build-up of Guatemalan troops on the border, and is notable for the absence on the list of the U.S., the country considered to have *the most diplomatic* pull with Guatemala.

The seven nations in the consultation group are Britain, Barbados, the Bahamas, Trinidad, Canada, Guyana and Jamaica.

Foreign Office officials said yesterday's statement was not aimed at anyone *but* constituted an additional measure to *bolster* Belize's *sovereign* and territorial integrity.

*They reiterated that Guate*mala often had pledged that it *would not* invade Belize and that Britain's 1,600-strong *defence force* would remain in the country "for an appropriate period."

UK Navy cuts criticised in U.S.

By Bridget Bloom

CUTS IN the size of the British Navy will have *serious implications* for Nato's war-fighting strategy *in the North Atlantic, according* to Admiral Harry Train, Nato's *Atlantic Commander.*

Adml Train, who is also *commander of the U.S. Atlan*tic Navy, said the gravest *effect of the cuts announced* in Britain's defence review would be on Nato's ability to convoy naval and merchant shipping in time of war.

If the cuts announced in the June White Paper "come to pass, then I, as naval commander in the Atlantic, will have a reduced capacity to reinforce and resupply Europe and to continue to protect the economic shipping of the Alliance."

The reduction, Adml Train added, would amount to escorts for three convoys. This would, he suggested, mean a reduction of at least *150 ships* at any one time able to cross the Atlantic *under convoy.*

The Admiral, who was *speaking* at his headquarters in Norfolk, Virginia, said he *understood that, because of* Britain's financial constraints, *painful decisions had had to* be taken.

He was also aware that Britain's defence spending *was also* still increasing by some 3 per cent a year in *real terms. But* as the decisions were taken on where to spend the available resources, "unhappily for me as a maritime commander, the Navy came last."

Britain's cuts, he agreed, in answer to a question, put Nato at *greater* risk. Asked if he felt the British Government had let him down, he replied: "I didn't say it."

Adml Train, addressing a group of European officials and journalists, spoke in moderate and relaxed tones. But what he actually said amounted to probably the most outspoken U.S. public criticism to date of the British cuts, which are likely to result in the withdrawal of some 20 frigates and destroyers by 1985.

He described Nato's war *strategy* in the *Atlantic* as comprising three stages. The first and *second stages* would be concerned to contain Soviet forces as far north of the so-called "UK-Greenland-Iceland *gap*" as possible, and would primarily occupy the *large aircraft carrier group* of the U.S. Navy.

The final step, he said, was to provide ships to protect *convoys across the Atlantic.* "This final step is the step *we look to our allies to pro*duce, because those are ships *that are reasonably priced.*"

Barbados curbs bank credit

By Tony Cozier in Bridgetown

THE BARBADOS Central Bank faced with an acute balance of payments problem following sharp declines in the major sectors of the economy, has introduced a number of measures aimed at curbing commercial bank credit for imported consumer durables.

Commercial banks have been ordered to reduce personal and consumer instalment credit outstanding by 10 per cent over the period to March 31 next, while the prime lending rate has been raised from 11 to 13 per cent and the average lending rate from 12 to 14½ per cent.

The proportion *of domestic* deposit liabilities which commercial banks *are required to* hold with the Central Bank has been *increased from* 20 to 25 per cent.

The discount rate payable by commercial banks for *short-term borrowing from the* Central Bank has been raised *from 10 to 18 per cent.* It is expected that this will discourage borrowing from the Central Bank.

The Central Bank action, announced by Dr Courtenay Blackman, the bank's governor, will not affect the productive sectors of tourism, manufacturing and sugar which have been exempted from the credit restrictions.

The measures follow other austerity moves by Mr Tom Adams, the Prime Minister, in the House of Assembly earlier this month and will become operative on October 1.

Mr Adams estimated in the House that there would be a balance of payments deficit of B$173m (£43m) for this year, compared with B$ 55m in 1980.

This has been *caused* by a 25 per cent drop in in sugar production, principally because of adverse wet weather during reaping, which led to a decline of B$43m in earnings from exports compared with 1980; by a 5 per cent drop in tourist arrivals for the first six months of the year, and by a 5 per cent decline in output and exports of light goods in the same period.

Dr Herrera's popularity is plummeting, writes **Kim Fuad** in Caracas

Venezuela feels the pinch of reduced oil income

MIDWAY THROUGH his five-year term, Dr Luis Herrera Campins, the President of Venezuela, is facing mounting economic problems and plummeting popularity, which critics attribute *to what they see as* his incoherent policies.

The 58-year-old *Christian* Democrat's efforts to reactivate *the nation's economy* have run into severe constraints caused by reduced growth *in oil* income and a tight-fisted congress unwilling *to let him fill the gap* by increasing the current foreign debt of $17.1bn (£9.5bn).

Lack of growth, inflation running at 23 *per cent* last year and failure to fulfill promises to improve the lot of the poor have cut into Dr Herrera's popularity. A number of polls say less than 20 per cent of the country fully backs his policies

Businessmen, who earlier praised Dr Herrera's comparatively austere policies after profligate public spending under his predecessor Sr Carlos Andres Perez, now accuse *Dr Herrera* of following in Sr Perez's footsteps. Dr Herrera, a pugnacious politician when criticised, has *called Venezuelan businessmen* cry-babies.

The *Conservative newspaper*, Diario de Caracas, reported: "Two and a half years ago, the present administration took office on the crest of a wave of popularity of extraordinary dimensions. In just two years *and a half*, the Herrera torrent has become an inhospitable desert where only the spiny cactus of aggression thrives."

Contradictions seem to characterise Venezuela's economy. While oil revenues doubled to $16.4bn (£9.1bn) between 1978 and 1980, the Gross National Product (GNP) virtually ceased to expand.

"Over the past three years, the Venezuelan economy has shown no growth in real terms," asserts Dr Mauricio Garcia Araujo, a private economist. "This doesn't take into account population growth of over 3 per cent each year, so that in per capita terms, Venezuela has gotten poorer by about 10 per cent in the past three years," he claims.

Venezuela's *GNP grew* less than 1 per cent in 1979 and fell *by 1.2 per cent last year*, after rising at an average of 6 per *cent a year between 1975 and* 1978, according to the central bank.

Dr Garcia and other non-gov*ernment economists believe that* GNP will move upward or downward by half a percentage point this year, but Dr Herrera's planners are more optimistic. The Sixth National Economic Plan, unveiled by the President late last month, calls for an *average of 3.5 per cent annual* growth between 1981 and 1985.

Dr Herrera: severe constraints

The standstill in Venezuela's economic growth represents to a large extent reaction to the 1975-78 oil bonanza, which created havoc in an economy unprepared for it. It is also the result of Dr Herrera's deliberate *policies to cool the economy* and restore the balance of payments surplus *after* deficit of more than $2bn in 1978, the first *deficit in half* a century.

Dr Herrera's critics claim that while his intentions were good, the public sector, which generates 45 per cent of GNP, let current expenditure get out of hand, *leaving little* money for capital investments to pro*mote growth. At the same time*, tight money policies, aimed at *reducing double figure inflation*, discouraged private investments. Low local bank rates led many Venezuelans to ship capital abroad.

Private investment fell last *year by 24.3 per cent after drop*ping in 1979 by 6.2 per cent. *At the same time*, public investment, making up the bulk of Venezuelia's $15bn outlay in 1980, rose by 27.9 per cent after falling by 7.5 per cent in 1979.

The central bank allowed bank *rates to float in order to halt a* record $100m a day outflow in the first half of 1981. Bankers have reacted cautiously to this move, letting rates rise only a few percentage points above the previous 14 per cent maximum. Dollar purchases have declined and liquidity has improved as a result.

But businessmen say they still *lack confidence* in *the Herrera* Administration. "Everybody's just marking time, waiting for something to change without *really knowing what the change* may be," said one leading busi*nessman.*

With substantial rises in oil revenues *unlikely*, Venezuela will have to do with relatively *less money. The Sixth Plan* reflects this, with its original *spending target of* $170bn now cut by 20 per cent.

"The Sixth Plan is different from other plans we have made in Venezuela," says one Planning Ministry expert. "In the *past we set the goals* and then sought the financing. Now we *have had to reverse the pro*cess."

Dr Herrera has vowed to trim ordinary public spending and *improve shoddy administration* of state enterprises. Most *observers are sceptical*

Washington ready to help gas project

*NEW YORK—The U.S. Govern*ment has exercised an option *to provide debt financing for* the Great Plains Coal Gasification Project, Mr Arthur R. Seder, chairman of the project's *management* committee, said yesterday.

As a result, he added, commercial banks will not be involved in underwriting the $2bn of debt for the $2.76bn coal gasification facility now being built in Mercer County, *New Jersey.*

Mr Seder said the option *to finance the plant* with Treasury borrowings was in the loan guarantee *approved* by President Ronald Reagan on August 5.

The project is expected to clear *the paperwork needed* for the Government financing by mid-November, allowing the borrowing, part of a regular Treasury borrowing, to take place a few weeks later.

This first borrowing will probably be equal to about 70 per cent *of the project's* first year construction spending of $30m, Mr Seder went on.

The Treasury would transfer the funds to the Federal Financing bank, which will lend the money to Great Plains Gasification Associates.

The consortium is owned 32.5 per cent by American Natural Resources Company, 30 per cent by Tenneco Inc., 22.5 per cent by Transco Companies Inc., and 15 per cent by People's Energy *Corporation.*

The plant the consortium is expected to start producing 125m cubic feet of pipeline quality synthetic gas daily from 14,000 tons of lignite, starting in late 1984.

All four companies have subsidiaries owning interstate gas pipelines which have agreed to purchase the gas.
Reuter

Truce is over says Omega-7

UNION CITY, New Jersey—Omega-7, an anti-Castro terrorist group which has claimed responsibility for more than 25 bombings in New York and Miami, said yesterday that its truce with the Reagan Administration is over.

Omega-7 sent a communique to The Dispatch of Hudson County vowing to return to its violent methods to stop what it calls an "international Communist conspiracy."

WORLD TRADE NEWS

New Dutch help for textiles

By Charles Batchelor in Amsterdam

THE DUTCH Government has announced a Fl 27m (5.8m) textile aid plan which has been modified to meet European Commission objections to the original draft.

The Government will provide Fl 23m to the cotton, rayon, linen and jute industries and a further Fl 4m to the wool industry to cover the two years to the end of 1982. The aim is to help manufacturers develop attractive product ranges which offer prospects in both traditional and new markets, the Economies Ministry said.

The aid will be used to meet 20 per cent of the cost of buying or developing machinery and equipment to make new products or products of a considerably higher quality than available at present.

The Government will also meet 20 per cent of the cost of modifying or demolishing buildings or for the movement of machinery, provided this is necessary to make a new product or improve the quality of an existing one.

The scheme will also meet 40 per cent of the cost associated with establishing a stand at trade fairs and exhibitions up to a maximum of Fl 20,000 a show.

The Netherlands has made changes in the scheme first announced in August, 1980, to meet objections from the EEC. The main change has been to exclude Spinnerij Nederland, a spinning combine grouping of a number of previously independent factories, since it has already had considerable support.

The Dutch may not subsidise the employment of an export manager by textile companies.

The Government has also dropped aid promises to help companies replace obsolete machinery.

U.S. 'willing' to renew textile pact

BY BRIJ KHINDARIA IN GENEVA

THE U.S. would be willing to renew the existing multifibres arrangement (MFA), which regulates the world's textile trade, without any significant changes when it expires at the end of this year.

This was the main thrust of a U.S. statement to industrialised and developing countries at negotiations to renew the MFA which began late yesterday afternoon at the General Agreement on Tariffs and Trade (Gatt) headquarters in Geneva.

The U.S. position, stated after a long delay, satisfied neither the European Community nor the developing countries. The Community wants to considerably tighten the MFA's provisions to allow it to use more freely import curbs to protect its domestic textile makers. In contrast, the developing countries want to liberalise the arrangement, ending restrictive provisions agreed in 1977 on EEC insistence.

The U.S. has been forced into the role of mediator between the Community and developing countries. It is walking a tightrope, however, because acquiescence to a more restrictive MFA would allow the Community to cut purchases from the U.S., while liberalisation of the MFA would allow more imports to enter the U.S., raising protests from domestic producers.

The U.S. Administration is committed to a free trade approach but has come up against pressure from congressmen and senators sensitive to the protectionist arguements of producers in their constituencies.

The debate over whether to liberalise the world's textile trade through an appropriately altered MFA comes against a background of falling world trade caused partly by protectionist measures in industrialised countries.

In its annual report, the first part of which was published on Friday, the Gatt secretariat says the volume of world trade fell last year to its lowest point in 25 years and the industrialised country share of world exports fell to its lowest point in 20 years.

Failing a miraculous turnaroun, the downward trend in trade volumes is likely to continue this year.

Growth in the volume of world trade dropped sharply to just 1.5 per cent last year, compared with a 6 per cent increase in 1979. At $2,000bn (£1,089.9bn) the vadue of world trade rose 20 per cent, lower than the 26 per cent increase in 1979. The rise in value reflected inflation and the dollar's appreciation in foreign currency terms.

The biggest gainers were the oil exporters because petroleum prices rose by 75 per cent, well above the 14 per cent increase for other primary products and the 11 per cent increase for manufactured goods.

The slump in world trade is alarming because of corresponding drops in the volume of world trade in both manufactured and agricultural goods. Growth of trade in manufactures slowed to 3.5 per cent from 5.5 per cent in 1979, and in agricultural goods dropped to 1 per cent from 7 per cent in 1979.

Scotland launches wool export drive

BY MARK MEREDITH IN EDINBURGH

THE Scottish Development Agency has launched a five-year campaign costing £450,000 to promote sales of Scottish wool cloth in six export markets including Hong Kong.

The campaign follows a study of the industry and ways to protect 7,500 jobs and combat imports from Italy, Hong Kong and Taiwan. A similar campaign may follow to promote Scottish kniwear which employs a further 8,000.

It is the first promotional campaign of its kind to be undertaken by the agency and combines support for individual companies with increased resources for the co-operative promotion of Scottish cloth overseas, according to the SDA.

The report to the Agency urged more aggressive marketing techniques which could increase sales by up to 60 per cent in the six target markets: West Germany, Italy, U.S., Canada, Japan and Hong Kong.

According to Mr John Harrison, president of the National Association of Scottish Woollen manufacturers "the survival of some firms could depend on the success of this campaign."

The wool textile and knitwear industries have an annual turnover of £150m, two-thirds of which earns foreign exchange for Britain.

Mr Edward Cunningham, the SDA planning and projects director said that Scottish wool products were coming under mounting pressure in terms of exports and domestic sales as other quality producers moved up market.

Mr Cunningham urged more effective marketing techniques to retain the position of the top of the market.

The study, entitled Opportunities for Scottish Wool Textile and Knitwear Industries, was conducted for the SDA by research associates, a marketing consultancy and the Shirley Institute, a textiles research organisation along with input from the agency itself.

Considering exports as a part of industrial strategy, the report noted that brand names would need to be strengthened to make promotional activity more effective. The brand name, it added, must be supported by the emphasis on Scottish origin.

"The Scottish image is often evident in overseas markets but is usually diluted in support of a more general British image. It is worrying to see the wide use made by Italian and Far Eastern producers of the Scottish image."

It isolated West Germany, the U.S. and Japan as the three most promising markets for both weaving and knitwear products.

The researchers found that the weaving industry in Scotland exported 60 per cent of its output and a potential for increasing this in the six target areas was promising.

The knitwear industry with 8,000 employees has a turnover of over £80m and exports 70 per cent of its output. This sector of the industry too suffers from a shortage of labour and middle-management.

According to the study knitwear exports could be improved by 50 per cent by 1985. It recommended more product design research, increasing stock holding in certain markets, more effective promotion and the relocation of any increase in capacity away from traditional production centres.

European leasing business up 25%

By William Hall, Banking Correspondent

THE VOLUME of new leasing business in Europe rose by more than a quarter last year to just over $16bn (£8.7bn), and leasing now accounts for some 6 per cent of all new investment in plant and equipment in Europe.

Several countries enjoyed above average growth last year. Finland more than doubled its leasing business. Italy showed an increase of more than two-thirds and, in terms of new business, is now more important than Germany.

Details of the continued buoyancy of Europe's leasing industry will be released today at the annual meeting in Stockholm of Leaseurope, the representative body of European leasing companies. The 320 companies represented by the assocition are believed to cover more than three quarters of Europe's leasing business.

After adjusting for inflation at an average rate of 14 per cent, the volume of leasing business in Europe grew by 13 per cent. This compares with a real growth rate of 26 per cent in the previous year.

Some 35 per cent of the total expenditure on leased assets in 1980 related to industrial plant and machinery and another 35 per cent to commercial vehicles and cars. A fifth consisted of computers and office equipment and the remaining 10 per cent covered ships, aircraft, railway rolling stock, etc.

The net book value of the equipment owned by Europe's leasing companies amounted to $29.3bn in 1980—a rise of 44 per cent on 1979.

Japanese near deal with IBM

By Richard C. Hanson in Tokyo

NIPPON TELEGRAPH and Telephone Public Corporation (NTT) is nearing a cross-licensing agreement with International Business Machines (IBM) involving mainly exchanges on electronic switching devices and computers.

The two companies have been discussing a cross-licensing pact for some time. This will be the second overseas technology link for the NTT, Japan's state-run telephone monopoly.

NTT is, meanwhile, working to renew its long-standing technology exchange agreement with Western Electric, of the U.S. The agreement with Western on a wide range of telecommunications technology dates back to 1966, but lapsed earlier this year.

According to NTT, the two sides expect to include in a final agreement a provision allowing NTT to use IBM patents to have goods manufactured by other companies. NTT relies on other companies for manufacturing equipment.

NTT's most advanced "digital" switching technology would not be included under the agreement. NTT is most interested in computers, while IBM interest centres on electronic switching systems.

Finns will build town in Siberia

By Lance Keyworth in Helsinki

THE FINNISH building company, Rakennusvalmiste, is to supply the prefabricated components for a complete small town to be built at the mouth of the River Lena in outer Siberia. Diamond finds have been made in this area which is hundreds of miles from the nearest town. Building work will start next year and the population is expected to move in in 1983.

The contract was signed by Sovjusvneshstroi-Import for the Soviet Ministry of Precious Metallurgy and is valued at FMk 60m (£7m). The delivery comprises residential housing for 1,000 people, heating, electricity, water and telecommunications components, a school and administrative buildings.

The erection work will be done by Soviet manpower under Finnish supervision. The components will be shipped from Finland by sea and rail and, for the last stretch into the Arctic wilderness, by helicopter.

Mexico to sell oil to Seoul

MEXICO CITY — Pemex, Mexico's state oil company, said it reached agreement to supply South Korea with crude oil.

The agreement, retroactive to July 1, provides for the daily sale to South Korea of 20,000 barrels of crude for an indefinite period "under guidelines established for Mexico's hydrocarbons exporting policy," Pemex said.

Initial prices would be those now prevailing. The pact is the first between Pemex and South Korea.

● Deutsche BP has concluded a long-term contract to import oil from Mexico.
Reuter

Bonn adds coal plant project to Soviet pipe talks

BY ROGER BOYES IN BONN

NEW SCHEMES to develop energy co-operation between West Germany and the Soviet Union are expected to dominate the agenda during a visit to Moscow this week by Count Otto Lambsdorff the Economics Minister, and several leading German businessmen.

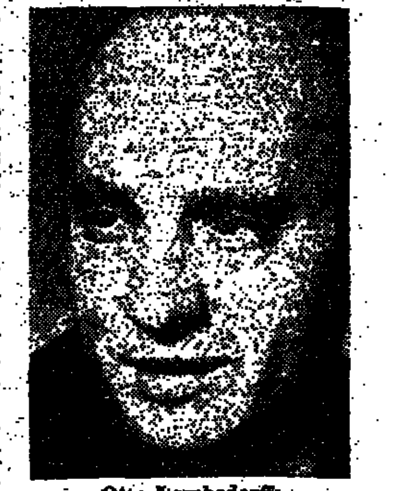
It is difficult to imagine a more politically sensitive area of East-West commercial collaboration than energy at present, with the Reagan Administration trying to dissuade Bonn from entering a DM 20bn gas pipeline deal with Moscow.

The latest proposal is to build a large coal gasification and liquefaction complex near Soviet coal deposits in Kansk and Achinsk in central Siberia. Germany has experience in such technology—Krupp Koppers for example has been involved in a coal gasification scheme in Poland—and it is clear that a portion of the building costs could be paid for by means of a compensation agreement involving deliveries of synthetic gas or chemicals to Germany.

The problem at the moment is twofold—defining Soviet energy needs in the latter half of the 1980s when the scheme could be realised and the difficulty of calculating the size of Soviet hard currency earnings during this period.

Much depends on the gas pipeline deal going ahead on schedule—it is held up at the moment largely due to continuing difficulties with pricing and interest rate levels—because that should prove to be an important hard currency earner for the Soviet Union, at a time when its earnings from oil exports are likely to be declining.

The future of coal gasification for the pipeline deal obviously hinges on political events. The German delegation is expected to make clear that a Soviet intervention in Poland would not just complicate the situation but effectively free these schemes.



Otto Lambsdorff: leading talks

Nonetheless the Germans are working on the assumption that energy collaboration will be a central pillar in East-West trade during the coming decade. For example the German-Soviet Economic Commission—a mix of politicians and businessmen—is to set up a sub-department concentrating on energy.

Accompanying Count Lambsffdorff on his trip which begins on Wednesday will be two top officials: Dr Hans Werner Lautenschlaeger, State Secretary in the Foreign Ministry, and Dr Dieter von Wuerzen, State Secretary in the Economics Ministry.

Among the businessmen there will be Dr Karl Heinz Bund, chairman of Ruhrkohle, Germany's leading coal producer, and Herr Ernst Pieper, head of Salzgitter, the state-owned steel concern.

Total trade volume betwen the Soviet Union and West Germany is expected to reach DM 16bn in 1981. The first seven months of the year saw West German exports to the Soviet Union rise by only 4.5 per cent, compared to the same period in 1980, to DM 4.6bn while German imports of Soviet goods rose by 8 per cent to DM 4.6bn.

Oil sales to West continue to decline

BY DAVID SATTER IN MOSCOW

THE SOVIET UNION is continuing to cut its oil exports to the West in spite of the high world market prices it can command, according to an analysis of recent Soviet trade.

The Soviet foreign trade yearbook for 1980 indicates that Soviet oil exports to the West fell by at least 10 per cent in volume last year and the Soviet Union is continuing to reduce its trade this year with several Western European energy customers.

Western economic specialists believe the rising domestic and Comecon demand for Soviet oil when production increases are slowing will put pressure on the availability of Soviet oil to the West for the foreseeable future.

In spite of a rise in the world market price of as much as 60 per cent in 1980, the value of Soviet oil exports to the West increased only 30 per cent to Roubles 8.877bn (£6.16bn) from Roubles 6.829bn in 1979.

This modest increase in the value of oil exports to the West is believed to reflect a significant drop in export volume, particularly to countries such as Britain, Sweden, Norway and Denmark whose share of Soviet oil exports in 1980 decreased in absolute value terms.

Oil and gas exports are the Soviet Union's main hard currency earners.

The Soviet Union does not issue figures for the volume of its oil exports but the Oranisation of Economic Co-operation and Development has estimated that Soviet exports to the West in 1979 were 59m tonnes.

Soviet oil exports as a whole had a value of Roubles 18.09bn in 1980, a 25 per cent increase over the value of oil exports in 1979. Exports to Comecon countries had a value of Roubles 6.444bn, 15 per cent higher than the value of exports in 1979 which was Roubles 5.623bn.

The small increase in the value of Soviet oil exports to Comecon in 1980 probably means Soviet exports to its socialist trading partners did fall but were being maintained at the level for 1979 of about 80m tonnes a year. The Comecon countries receive Soviet oil at protected prices.

Barratts to back tennis tournament in Midlands

By John Barrett

BRITISH TENNIS will welcome a new sponsor at a new venue, when Barratts Developments, one of the largest housebuilders in the country, assumes support of the WCT Doubles tournament next January 5-10, at the National Exhibition Centre, Birmingham.

Over the past three years, this event has been staged at Olympia, under Braniff Airways sponsorship and has become the most popular British tennis tournament outside Wimbledon. It remains to be seen whether the 28m people who live within a 100 mile radium of Birmingham include a sufficient number of tennis fans to justify the move.

Prize money is unchanged at £100,000, with £40,000 for the winning pair—the richest doubles prize in the world. Invitations have been extended to the top eight pairs on current computer rankings.

This will be one of the first tennis events at the one-year-old arena, the most recent addition to the centre, which has 10,000 square metres of floor area and room for up to 11,000 tiered spectators.

British Gas raising domestic tariffs by 10%

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS Corporation is to raise domestic tariffs by a further 10 per cent next week. The increase—the fourth in a series of six-monthly rises—will mean that domestic gas users will be paying almost 63 per cent more for their supplies than in March last year.

And gas prices are due to become even dearer next year. It is expected that householders will face a further rise of about 10 per cent in April to reflect the rate of inflation at the beginning of the year, and another 10 per cent increase six months later.

The latest increase, which will take effect with meter readings on or after October 1, will push the domestic credit tariff to 27.2p a therm—exactly the same level as commercial and industrial tariffs, for supplies up to 25,000 therms a year.

But householders will still be paying less for their supplies than most big industrialists buying bulk quantities (over 25,000 therms a year) under firm contracts.

Following a Government initiative to aid industrial users of gas, contract renewal prices are being pegged between March and December 1 this year at around 29p a therm. Buyers of gas supplied on an interruptible basis are paying about 24.6p a therm.

The cost to British Gas of pegging industrial prices is put at £73m. The corporation's external financing limit has been adjusted by this amount to take account of the reduced revenue.

BRITISH GAS DOMESTIC TARFIFS

	Standing Charge (£ per quarter)	Tariff (pence per therm)
June 1979-Mar. 1980	2.16	24.6* 16.5†
April 1980	4.40	24.6* 19.3†
Oct. 1980	6.00	24.6* 21.2†
April 1981	7.00	24.8
Oct. 1981	8.00	27.2

* For the first 52 therms.
† For the remaining supplies above 52 therms.
Source: British Gas (based on tariffs in Scotland, Wales, southern Angland and East Anglia)

British Gas said yesterday that industrialists wanting new supplies would have to pay the equivalent of gas oil prices—more than 40p a therm.

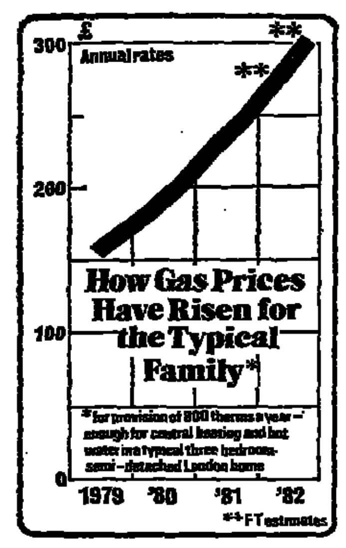
The big increase in domestic tariffs is a direct result of Government policies. Mr David Howell, the former Energy Secretary, told British Gas at the beginning of last year to raise domestic prices by 10 per cent annually in real terms over the three years from April 1980 to April 1982.

He said he wanted domestic gas users to pay a more realistic price, given the rising cost of supplies from the North Sea and overseas and the higher tariffs being paid by commercial and industrial users.

British Gas said that even with the latest increase, domestic customers would be paying less for gas than families using other sources of energy.

A typical family living in a three-bedroom, semi-detached house in London and using 800 therms of gas a year for central heating and hot water would pay, from October 1, about £250 a year. The Gas Corporation claims that if they had not gas, the notional family would pay £399 a year for oil supplies, £366 annually for electricity or £316 a year for solid fuel.

Even so, domestic gas users can expect a doubling in their bills between March 1980 and October 1982. The typical London family using 800 therms a year would have been paying £157 annually for supplies in March last year. By October next year, the family could be paying £302 annually, assuming two increases of 10 per cent each in 1982.



Edwards inaugurates £2m JPM expansion

By Robin Reeves, Welsh Correspondent

A £2M EXPANSION by JPM (Automatic Machines) was officially inaugurated by Mr Nicholas Edwards, the Secretary of State for Wales, in Cardiff yesterday.

Founded nine years ago, JPM has developed into one of the largest manufacturers of games and amusement machines in Europe through the use of micro-chip technology, notably in the traditional "fruit machine."

The new investment involves expansion into a third factory, adding a further 14,000 sq ft of production area and a modern administration floor. It will bring JPM's total production and administration area to approximately 100,000 sq ft.

The expansion is expected to increase the number of employees from 300 to 400.

JPM's diversification programme includes collaboration with Ferranti Computers in the development of a comprehensive system for on-line factory management.

Official aid for the company's investment has included a grant of £65,000 from the Micro-Processor Application Project.

Oil economist predicts collapse of market in late 1980s

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE INTERNATIONAL oil market could collapse in the late 1980s, hitting British North Sea revenues and undermining much of the potential for further exploration and development in UK waters, says Mr Peter Odell, a leading energy economist.

In the October issue of Lloyds Bank Review, he says the market could collapse because of the success of measures to conserve oil, or find substitutes for it, the development of new supplies; and failure of the Western economic system to re-establish conditions for sustained growth.

Mr Odell, director-designate of the Centre for International Energy Studies at Erasmus University, Rotterdam, acknowledges that his argument is markedly different from the accepted wisdom of an inevitable scarcity of oil in the near future. This belief forms the basis of UK energy strategy.

But he says there is a "high probability" of relatively plentiful supplies well into the future, and that present British oil strategy is therefore "highly questionable."

In a world of weak markets, some members of the Organisation of Petroleum Exporting Countries might become unwilling to stick with the group's oil price floor.

"In such a case, part of Britain's existing capacity to produce oil will be put at risk, as it will not be economic to justify production in the face of competition from lower-cost alternative supplies.

"Even more important, it would undermine much of the potential for continued exploration and development activities on the so-far under-explored and unexplored parts of the UK continental shelf."

Mr Odell adds that Opec members are likely to put pressure on European nations to take their oil in return for imports of Western manufactured goods.

"In the light of such prospects it is surprising that Britain has made no efforts to achieve any guaranteed long-term outlets for its rapidly increasing oil production potential."

Sue Cameron writes: Results of a test well drilled by British National Oil Corporation in the Clyde Field have been described as "unexciting." BNOC said the well had been plugged and abandoned.

The well was drilled, to test a prospect to the north-west of the main Clyde Field structure, by the semi-submersible rig Bandoran.

House prices stay steady

BY ANDREW TAYLOR

HOUSE PRICES continue to remain at a "standstill" in most parts of England and Wales according to the latest house price survey conducted by the Royal Institution of Chartered Surveyors.

Around threequarters of agents replying to the August Survey said that prices on most classes of property had generally remained unchanged for the past three months. It is the fifth month in succession for which the bulk of agents have reported no movement in prices.

The institution said that some sellers were continuing to price homes unrealistically and in some cases this was holding up sales.

The survey showed that only 15 per cent of agents had reported house price increases while 8 per cent said that prices had fallen compared with three months ago. Pre-1919 terrace houses, popular with first-time buyers, remains the strongest market said the institution.

A special survey conducted in the south east reflects the national trend with four-fifths of transactions showing no price increase. Agents again reported that some sellers were still pricing "over-optimistically."

Packaging industry 'faces little growth next year'

BY MAURICE SAMUELSON

BRITAIN'S packaging manufacturers, with estimated sales of £4.75bn, can expect no improvement this year over last year's depressing performance and only modest growth in 1982, says a review of the industry out today.

Prices in 1981 are lagging behind rising costs and demand will rise next year with less pressure on prices from imports, says the report, published by Pira, the research association based at Leatherhead for the paper, printing and packaging industries.

The report covers the entire range of packaging materials, from paper and board to plastics, glass, and metal, and the individual containers made from them.

The best that can be expected this year is that, with the end of de-stocking, the industry will "bump along the bottom" rather than decline further, says the principal author, Mrs Rowena Mills, consulting economist to the packaging industry.

Manufacturers will also have little capital available to invest in technological innovation, although the long-term trend is towards flexible containers and away from rigid ones, such as cans.

Statistical and Economic Review of the Packaging Industries 1976-80: Outlook 1981-82; by Rowena Mills, with additional material by Roger Lushington; Pira, Randalls Road, Leatherhead, Surrey KT22 7RU; £100.

Life insurance funds rose £7bn during last year

BY ERIC SHORT

TOTAL FUNDS of UK life companies at the end of 1980 stood at £46.7bn, £7bn higher than at the end of 1979, according to official statistics produced by the three life company associations—the Life Offices Association, the Associated Scottish Life Offices and the Industrial Life Offices Association.

Equities accounted for 32 per cent of total funds of UK life companies at the end of 1980 against 29 per cent at the end of 1979. This growth reflected both the rise in equity prices and heavier than average investment in equities.

The statistics, however, do not subdivide the equity investment between UK and overseas and there is thus no official figure to indicate how much was invested abroad in the first full year following the removal of exchange controls.

Premiums received by UK life companies last year rose appreciably. Ordinary branch premium income amounted to £12.2bn against £9.3bn in 1979, while in the industrial branch, business premium income amounted to £1.45bn against £1.22bn.

Premium income from overseas business amounted to £888m against £802m in 1979.

UK life companies paid out £816m on UK death claims last year, and £89m on overseas death claims, with a further £974m on UK maturities and £77m on overseas policies maturing.

Review of Life Assurance 1976-80. From the Life Offices Association, Aldermary House, Queen Street, London EC4N 1TP.

Michael Grade to leave LWT for U.S. sales post

BY ELAINE WILLIAMS

MR MICHAEL GRADE, director of programmes at London Weekend Television since 1976, is to leave his post at the end of the year to take up an offer from Tandem Productions Television, a Californian company.

He is to join Tandem as its president for only two years. "There is a whole new world of television opening up in the U.S., although I have no intention of going there permanently," he said.

Mr Grade's successor as director of programmes will be Mr John Birt, who has been controller of features and current affairs at LWT for five years. Mr Birt said there was unlikely to be any radical change in policy at LWT when he takes over in January.

Tandem Productions Television is a successful independent programme producer which concentrates mainly on comedy. At the moment it has five shows networked on U.S. television.

Mr Grade's new post will involve selling its productions to the new growth areas in U.S. television such as cable and satellite television, as well as deciding what new programmes to make.

LWT hopes to maintain a close relationship with Mr Grade and even hinted at the possibility of both companies working together on future projects.

Mr Grade's departure from LWT has been a closely guarded secret. He admitted he had waited until the last minute to tell his uncle, Lord Grade.

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UK NEWS

Rates outstrip profits, says CBI survey

LOCAL authority rates are outstripping industry's net profits and are a factor in causing redundancies, a survey by the Confederation of British Industry showed yesterday.

The survey was carried out in the North West of England. Of 153 companies who answered a question on profitability, 41 had made losses totalling more than £61.5m. The other 112 companies reported combined profits of more than £76.5m leaving a net profit of more than £15m.

The rates paid by the 153 firms totalled more than £21m, exceeding by almost 40 per cent the profit earned by the companies concerned.

Mr Bryan Rigby, the CBI's deputy director general, revealed the survey's details at a meeting of businessmen in Cheshire today. He said it highlighted the financial burden now being placed on companies by local authorities.

"There is a need for Government action to curb the excesses of profligate councils," he said.

"The figures illustrate how company profits have fallen. Unfortunately some local authorities have failed to see the point and have added to the plight of companies by levying supplementary rate increases this year and planning big increases for next year."

Of the 153 companies more than three quarters declared redundancies totalling more than 21,500. Rates were listed as a redundancy factor by 77 per cent of the companies and 28 per cent of these cited rates as a significant factor.

Whitelaw calls for less gaol

MR WILLIAM WHITELAW, the Home Secretary, yesterday called for fewer and shorter gaol sentences.

His comments follow a warning last week by the Parliamentary all-party penal affairs group that Britain faces a "catastrophe" if the prison population is not reduced.

Mr Whitelaw said it was "all too possible" that 46,000 people would be in gaol by next spring.

He told gaol Cumbria probation and after care committee that is was hypocrisy to suggest that constructive standards of treatment—or even human decency—could be maintained in the face of such numbers.

Mr Whitelaw pointed out that groups of MPs from all parties considered that Britain was making too much use of imprisonment.

"Our task, therefore, is to seek to reduce both the number of offenders sentenced to imprisonment and the lengths of those sentences which *must be imposed.*"

The great majority of prisoners were serving short or medium-length sentences, largely for non-violent offences, said Mr Whitelaw.

Tourism in south east on increase

HOLIDAY business in the south east is faring better than the rest of Britain — possibly because it has not felt the full brunt of unemployment, according to the South East England Tourist Board.

Last year domestic tourism in the region grew 20 per cent compared with a national average of 9 per cent. Spending rose to £320m, a "staggering" 28 per cent rise against the 16 per cent national average.

"These stark facts clearly lay it on the line that domestic tourism in the region's four counties is in better shape than in other parts of England," says the annual report, published yesterday.

"It is perhaps a reflection of the region's reasonably good performance that 74 per cent of domestic staying visitors originate from Greater London and the Home Counties.

"To date the 'prosperous' south east has not felt the full brunt of closures and redundancies."

Visitors from the traditional manufacturing regions — worst hit by unemployment—made up no more than 10 per cent of the total, the report says.

Tourism is now estimated to be worth at least £500m a year in East Sussex, Kent, Surrey and West Sussex.

APPOINTMENTS

New Post Office Board members

The composition of the board of the new POST OFFICE CORPORATION has been announced by the Secretary for Industry. It comes into operation on October 1 with the transfer on that date of the telecommunications and data processing businesses of the Post Office to the new British Telecommunications Corporation.

Mr Ronald E. Dearing is to be chairman to succeed Sir Henry Chilver, who will complete his term of office at the end of this month. Mr Sam Wainwright will be a deputy chairman.

The new chairman was *appointed* to the Post Office Board in May 1980 as a deputy chairman and named chairman *designate of the new Post Office* Corporation after separation of the telecommunications and postal businesses. He was previously a deputy secretary of the Department of Industry largely responsible for nationalised industry matters.

Mr Wainwright joined the Post Office Board in May 1977 as managing director of the National Girobank and he will remain in that position. Sir Henry has been part-time chairman since September last year to oversee the separation of the telecommunications and data processing businesses from the Postal and Girobank businesses of the Post Office.

Mr Charles E. Beauchamp, whose current appointment has been extended for a further two years, Mr Kenneth M. Young, Miss Eileen Cole and Mr Derek Gladwin will continue as members of the Post Office Corporation.

The following appointments of new members of the Post Office *Corporation also* take effect on October 1: Mr. R. A. Clinton, Mr W. Cockburn and Mr N. N. Walmsley (full time) and Sir E. Clifford Cornford, Mr P. E. Moody (part time). These appointees will fill vacancies arising from the appointment of certain members to the British Telecommunications Corporation, whose concurrent appointment to the Post Office will lapse on September 30 on the final separation of the two Corporations.

★

Mr G. M. Armitage has been appointed finance director of HAWKER SIDDELEY GROUP from October 1. He has been with Hawker Siddeley since 1956 becoming group accountant in 1969 and group chief accountant in 1977. He is a director of Fasco Industries Inc., U.S., a Hawker Siddeley company, and of Hawker Siddeley Power Engineering. Mr R. A. Willford is to become a director of Hawker Siddeley Group from October 5. He will be chairman of Westinghouse Brake and Signal, Opperman Gears and of Brush Power Equipment, all member companies. Mr Willford joined English Electric in 1948 and after holding various appointments in English Electric and the GEC Co he became managing director of GEC Machines in 1978. He has been chairman of Keith Blackman and Albert Frost and Sons, GEC companies, and has also been responsible for GEC Marine and Industrial Gears.

★

Mr Mark Boleat is to be deputy secretary-general of the BUILDING SOCIETIES ASSOCIATION from October 1 and he will work closely with Mr Richard Weir, secretary-general, on policy and external relations matters. Mr Boleat joined the association as an assistant secretary in 1974 and has subsequently held the positions of under secretary and deputy secretary. He was responsible for establishing an economics and statistics department within the Association and more recently has been in charge of public relations. Mr Adrian Coles has been appointed an under secretary of the Association with responsibility for the Economics and Statistics Department.

★

Mr Richard Harker, formerly marketing director of ASDA STORES, has been appointed store operations director in succession to Mr Michael Wicks, who has resigned. Mr Gerry Killarney is to become director responsible for food buying and marketing on September 28.

★

Mr Stephen Poster has been appointed managing director of LEX VEHICLE LEASING in place of Mr Richard Archer, who becomes managing director of Dun and Bradstreet. Mr Poster was previously managing director of Lex Brooklands.

★

INTEC CORP. of the U.S. and Belgium has opened a regional office for the UK and has appointed Mr F. Lawrence Hancock as regional director. He is based at Cheadle Hulme, Cheshire.

★

Mr Jeremy Muller and Mr David Harrold have been appointed directors of D. M. LANCASTER and of its main operating subsidiary, CLUB 18-30. Mr Muller is financial director of Club 18-30 and Mr Harrold is marketing director and general manager of that concern.

★

Mr Harry Burt has been appointed marketing director for Derek Crouch Construction Company, a member of the Derek Crouch Group. He was previously with Miller Construction (Northern).

★

Mr Wilfred Clay, one of the co-founders of F. CLAY & SONS (CONTRACTORS), is to retire from the board. Mr Arthur M. Weeks will join the board as sales and marketing director and Mr Michael A. P. James will become director of finance in addition to his position as the company secretary. The changes take effect from October 1.

Mobil blames rivals for price war

BY SUE CAMERON

SIGNS THAT the UK's petrol price war is growing increasingly bitter came last night when Mobil accused Shell and Esso—the two market leaders—of being the prime movers in cutting pump prices.

In an almost unprecedented attack, Mobil alleged that Shell and Esso were encouraging the price war at the pumps in a vain attempt to increase their market shares.

It dismissed as a "mere smokescreen" the two oil giants' claims that the hypermarkets were chiefly responsible for the latest round of price cuts.

Mobil said the new price war would never have developed with such speed were it not for the "muscle and weight of Shell and Esso."

It estimated that Shell and Esso must each be paying between £1.5m and £2m a month in support for their dealers.

Mr Ron Hughes, marketing director of Mobil, said Esso and Shell did not seem to realise that it was impossible for any company to "buy greater market share" through price cutting.

He added that it was "madness" to try to do so because rival companies would always follow suit.

Mr Hughes said the hypermarkets had been charging between 2p and 4p a *gallon* less than the major oil companies since last year. There was no evidence that they had triggered the latest price war by reducing charges further

"There are always a few mavericks in the market place who charge less for their petrol than most of the other companies," Mr Hughes said.

"But Shell and Esso should not have reacted to pinpricks—nor should they have pretended to do so. If they had held their position, the market would not have moved downwards in the way it has."

Mr Hughes revealed that the price war is intensifying in many areas. He said during the past week Mobil had had to increase the amount of price support it gives its dealers from around £0.5m to £0.7m a month.

This was "setting back" the company's hopes of making a recovery from the £32.5m pretax loss it made during the first helf of this year.

Shell and Esso both said last night that they had no motive for encouraging the petrol price war. Esso said it was only hovering round break-even point on its refining operations. Shell stated it was losing money as a result of growing competition in the marketplace.

They insisted that the differential between their pump prices and those of many hypermarkets had grown so great last month that they had had to take action.

Shell claimed that Mobil had the "lion's share" of the hypermarket petrol supply business and said this was the reason for the company's attack.

Callaghan puts 3-point plan for arms talks

By Elinor Goodman

MR JAMES CALLAGHAN, the former Labour Prime Minister, yesterday put forward a new three-point plan for multilateral disarmament as Labour moderates stepped up their battle to stop the party confirming its unilateralist defence policy at next week's conference.

He accused Labour's National Executive of adopting an illogical, f not immoral stance, and claimed that the neutralism favoured by many activists within the party, would increase insecurity in the world, and lessen the chances of multilateral disarmement.

Unilateralism, he said, failed to answer any of the fundamental questions about defence.

3,000 merchant seamen out of work

BRITAIN'S merchant fleet has declined so rapidly in the past few months that 3,000 seafarers *now have no work*. This is the highest level of maritime unemployment since the war.

Compared with a fleet of 50m deadweight tons at the end of 1975, the present size is some 33m dwt, with 51 ships totalling nearly 2m dwt leaving the fleet in the three months to July alone.

The General Council of British Shipping said 14 ships amounting to 280,000 dwt left the fleet in July, 22 in June and 15 in May. The July loss included 13 ships sold abroad, while two tankers were scrapped and one ship, a ferry, joined the fleet.

Building agency may run as co-operative

MANAGEMENT and staff of the National Building Agency will consider running it as a co-operative if the Government goes ahead with plans to close it, managing director Mr Thurston Williams said yesterday.

NBA chairman Mr Peter Dunican claimed the Government, acting in pursuit of its "lack of enthusiasm" for interference in private industry, would save only £100,000 a year from the closure.

Strathclyde seeks help from EEC

STRATHCLYDE'S plan to get help from the EEC for a £2m scheme to create 2,000 new jobs goes ahead today when Mr Charles Gray, the region's deputy leader, flies to Brussels.

The scheme submitted by *Strathclyde* — where unemployment is currently running at a post-war record level of 16.8 per cent—would cost the council £1,040,000 spread over a year. A similar amount would come from the European Social Fund if the application is fully approved.

Railways to test electric cars

A PILOT batch of Italian-built electric cars is due to start trials with British Rail in London early next month. *If they prove practical for* commuting by staff between BR's split headquarters at Marylebone and Euston, they could become part of a national rail-drive system.

The project is a joint one between BR and Godfrey Davis Europcar. The two concerns already operate a national rail-drive system for conventional cars, with GDE having more than 70 offices within BR stations.

Canning industry

SATURDAY'S report on the *UK canning industry's* promotion of beverage cans said that in 1980, cans' share of the market was down to 22 per cent and glass bottles to 65 per cent. The report should have shown that this referred only to the packaging of carbonated soft drinks, of which cans' share fell from the peak year of 1978, when cans took 25 per cent compared with bottles' 69 per cent.

Birmingham in £2.5m jobs project

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BIRMINGHAM CITY Council plans to create 15,000 jobs under a joint scheme with Aston University.

Mr Clive Wilkinson, leader of the Labour-controlled council, said yesterday that the initiative was aimed at "transforming the face of the Birmingham economy." Britain's second city has been hit hard by recession and the rapid decline of manufacturing industry.

The council has committed £2.5m to the creation of a science and technology development centre *for which Aston* University will provide management and consultancy services.

The local authority has bought a 3.5 acre site next to the university which will offer units of up to 10,000 sq ft for research and development laboratories to small firms working on sophisticated products.

Mr Wilkinson said the city had backed the National Exhibition Centre with £40m and would provide at least that sum to make sure the industrial park was a success.

The new venture was likely to be more important in terms of jobs created. Birmingham would be looking to new companies that would multiply employment 20 or 30 times over a five-year period.

The council had set a target of 5,000 new jobs on the industrial park over the next five years. Another 10,000 indirect jobs would be generated. Mr Wilkinson said such projections were "realistic" and based on the experience of industrial parks in the U.S.

Small companies would get the benefit of a powerful research organisation they could not afford themselves. The link with the university would also dramatically reduce the time between innovation and product development, giving firms a decisive edge over rivals.

Large firms, either from Britain or countries wanting a foothold in the region, could be attracted by the opportunities. The centre would help existing large companies in the area by offering a highly developed research facility, Mr Wilkinson said.

Professor Frederick Crawford, vice-chancellor of the university, pointed to the experience of Stanford University in the U.S. where he spent 21 years. There the close interaction between research at the university and new enterprise had been at the heart of the micro-electronic revolution and the rapid expansion of Silicon Valley.

It was a "great pity," he said, that British entrepreneurs had gone to Stanford to carry out projects that could have been implemented in the UK.

Surveys suggested there was a 10-year lag before a new idea was put into production. Such a gap *was too long in fast-moving* high-technology industries. The new venture would enable ideas to be transferred rapidly into commercial production.

Professor Crawford argued that such an initiative was essential for the West Midlands to develop new projects to compensate for the decline of its traditional industries.

The intellectual resources of the technology-based universities tended to be under-utilised. It was important to have a cluster of companies around the universities which could draw upon their expertise.

Professor Crawford thought proposals for similar joint schemes by Birmingham University and the West Midlands County Council and Warwick University and Coventry Council could also be viable.

Mr Wilkinson said Birmingham was showing the way and the first units would be available by April next year.

"We envisage that many of the companies starting here will soon outgrow the site, and will be looking for premises elsewhere in the city," he said.

More than 300 acres of greenfield sites were *available* and would be serviced under the local authority's industrial development programme.

Birmingham and the West Midlands were in need of such an initiative. The university would interact directly with tenants offering consultancy services, directorships, and perhaps founding new firms.

Research at Aston would be closely related to that of tenants. Students were likely to take jobs in the centre, while employees would take courses and research degrees at the university.

New techniques may yield £45bn more UK crude oil

BY RAY DAFTER, ENERGY EDITOR

AN EXTRA £45bn worth of crude may be extracted from UK fields through the use of advanced production techniques, a senior Energy Department official indicated yesterday.

Dr Anthony Challis, the department's chief scientist, said oil companies might recover an additional 10 per cent of the country's oil resources, given successful development of new production methods.

Even a 1 per cent improvement in recovery rates would make an "enormous" impact on oil supplies, he said.

The Government estimated that between 16bn and 32bn barrels of oil could ultimately be recovered from the UK Continental Shelf, using conventional production techniques. But on this basis over half the oil tropped in the rock structure of the fields would be left unrecovered.

Enhanced recovery processes, involving injection of heat, gases or chemicals, could substantially improve the recovery rate, said Dr Challis.

This had been demonstrated in the U.S., but not yet used in the North Sea.

However, a number of offshore operators were considering introducing the advanced production techniques

Dr Challis was speaking in Bournemouth during a European symposium *on enhanced oil* recovery organised by the Energy Depatment and the United Kingdom Atomic Energy Authority.

Mr Basil Butler, managing director of BP Exploration, said BP was experimenting with enhanced recovery methods in its small fields in Nottinghamshire and Lincolnshire.

It was too early to risk such methods in big offshore fields such as the Forties, he said. Techniques must be "tailor-*made" for each field. If a com*pany was unlucky it might find itself using more energy than it could produce.

Mr Butler said that there were also problems in fitting all the injection equipment on to weight-restricted, cramped offshore platforms.

The Government, he said, should be aware that "tax penalties" could dissuade companies from daring to attempt enhanced recovery in the North Sea. On the other hand, the *industry did not expect low* taxation that would encourage "reckless schemes."

Courtaulds and Murjani join forces

By Rhys David, Textiles Correspondent

COURTAULDS, the textile group, is intensifying its drive to find new businesses to replace its diminishing fibres and fabric empire with a new tie-up with a leading international jeans group.

The company's Courtaulds Distributors subsidiary—which earlier this month announced the acquisition of Scotcade, a mail order and retail group—is to take over the distribution and sales of Gloria Vanderbilt in the UK.

Marketing of the U.S. group's Designer jeans, which sell at the top end of the price range, will be retained, however, by the Murjani organisation, which owns Gloria Vanderbilt.

The deal gives Gloria Vanderbilt access to the distribution network operated by Courtaulds which, through its warehousing activities, has a strong position as a supplier of garments to the retail trade in the UK.

Apart from jeans, Gloria Vanderbilt is moving into other clothing products. These will *also* be handled under the new arrangement.

In the U.S., the company has expanded into shoes, perfumes and cosmetics. These, too, may be introduced into the UK.

Bank of England recognition given to Austrian bank

BY ALAN FRIEDMAN

CREDITANSTALT - Bankverein, *the Austrian bank*, was yesterday admitted to the Bank of England's list of banks recognised in the UK.

The bank opened its doors to business in the UK after the Banking Act 1979 came into force, becoming the first new arrival on the London banking scene to make the Bank of England's list since its compilation began in April, 1980.

Yesterday's addition brings to 287 the number of recognised banks. Recognised banks are generally institutions with broader-based operations than licensed deposit-taking institutions, the second category on the Bank of England's lists.

In the second category, six new banks were admitted yesterday as licensed deposit-taking institutions (see below).

RECOGNISED BANKS

Additions: Creditanstalt Bankverein

LICENSED DEPOSIT-TAKING INSTITUTIONS

Additions: Banco di Sicilia
Colonial Bank
Deutsche Genossenschaftbanks
Equatorial Finance Ltd
Financial and General Securities Ltd
Hargrave Securities Ltd

Deletions: Llyn Property Co.

But the Bank of England deleted from its list of licensed deposit-takers the Welsh-based Llyn Property Company. This brought the number of such institutions to 302, making a total of 589 banks operating in the UK.

● Financial and General Securities, which provides loans and other facilities for small businesses, is among the list of newly licensed deposit-takers published by the Bank of England yesterday. It has now withdrawn its appeal against the Bank of England's earlier refusal to grant it licensed deposit-taker status.

EEC's plan on auditing opposed

By Rosemary Burr

THE GOVERNMENT is to oppose a *proposal by the* European Commission in Brussels which would prevent an auditor offering other accountancy services to his client.

The move is expected to have the wholehearted support of the British accountancy profession since implementation of the proposal would severely dent its profitability. Fees from auditing make up the major portion of British accountants' earnings, but the most profitable areas of activity are other services such as tax advice.

Partnerships, which have an above-average proportion of non-auditing work, tend to be those where fees earned per partner are also the highest.

Implementation of the EEC proposal would also adversely affect many small firms who, in contrast to City concerns, have a relatively small geographically-determined market for their services.

Mr Reginald Eyre, Parliamentary Under-Secretary for Trade, speaking in London yesterday at the Horwath and Horwath International annual meeting, said he intended to leave the EEC Commission in no doubt of the Government's opposition to the aspect of the draft eighth company law directive, which would restrict auditors' other activities.

Jenkins urges 'limited' reflation

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

MY ROY JENKINS, one of the leaders of the Social Democratic Party yesterday urged that a limited stimulus be applied to the economy, and accused the Government of putting too much emphasis on the effect of the public sector borrowing requirement on inflation.

It was nearly impossible to reduce PSBR at a time of recession, in the light of the costs involved, he told the Glasgow Chamber of Commerce.

The SDP proposals, in contrast, offered a flexible economic policy involving a balance of risks, he said. These reiterated his party's six point proposal to *take 1m off the dole* queues within two years at an annual cost of £2m. The details included:

● £500m of "worthwhile" expenditure in the public sector to protect existing jobs and create 50,000 jobs.

● A drive to boost jobs in the private sector with a payment to employers taking on additional workers. The cost of the programme would be £400m and create 250,000 extra jobs.

● Moves to keep down the value of sterling on foreign exchanges by bringing down interest rates and slowing the depletion rate of North Sea oil reserves.

Stroud's house sale starts

SOTHEBY'S STARTED yesterday to dispose of the contents of Strouds, at Weston Patrick in Hampshire, the home of Brigadier and Mrs S. James L. Hill. The first day total was £83,627 with just 8 per cent bought in. European Antiques paid £1,750 for an early 19th century Yorkshire Pratt-type *group of an elephant and* rider, while the London dealer Sutton bought a rare Staffordshire porcelain figure of Van Amburgh, the Lion-tamer, for £1,600, double the forecast. Among the bronzes a group of a mare fighting a wolf made £1,400.

At Phillips, in the auction of 19th and 20th century pictures, a painting of a Dutch coastal vessel by Edward William Cooke sold for £12,500,

SALEROOM

BY ANTHONY THORNCROFT

double the forecast. A carriage to the Ball by William Bromley made £8,200, and a scene by Friedrich Gauermann of Austrian peasants realised £8,000 despite fire damage.

Radical youth employment plans sent to Thatcher

BY ELINOR GOODMAN

RADICAL PROPOSALS for taking 1m young people out of the dole queue over two years at an annual cost of an extra £300m was sent to the Prime Minister yesterday by a group of Conservative backbenchers.

The move came on the eve of publication of the employment figures which could well take the jobless total over the 3m mark. The group called for a complete overhaul of the present training framework, based on a new decentralised approach to training, which would relate training schemes more closely to local needs and resources, together with a major change in the present system of financing.

The group acknowledged that the proposals would cost the Government more money. But the five signatories, led by Mr Jim Lester, the former junior Employment Minister, warned that the present schemes for school leavers were nothing like adequate to cope with the scale of the problem ahead.

The figures of the Manpower Services Commission (MSC), it said, showed that without the help of Government *programmes, unemployment among* 16-18 year olds over the next three years would at no time fall below 50 per cent, and would for many months be well over 60 per cent.

In a document entitled Life Line, the group of five calls on the Government to build on the present MSC training *schemes by introducing a new* form of two-year "traineeships" in place of the present six months' schemes. The traineeships would combine existing work experience schemes with a second year devoted to full-time training, paid by the employer.

It proposes that the trainee-*ship should be made up of a* new kind of "bridge" scheme which would give young people some experience of work while still at school.

At a second stage, young people would spend six months with a company, local authority or voluntary organisation to obtain work experience. Both *schemes would be funded* by the Government, but the group also proposes the further six months' training scheme would be financed equally by the Government and the sponsor.

Finally, it said, young people should be offered a full-time traineeship for a second year, with the object of obtaining some new form of nationally recognised qualification.

The proposals were a response to the MSC's consultative paper on training. The five signatories are all on the left of the party, and were some of Mr James *Prior's strongest supporters on* the Tory benches when he was Employment Secretary.

The Government will make up its mind shortly on how to respond to the MSC's paper. The group of five will be lobbying hard over the next few weeks to try to persuade Mr Norman Tebbit, the new Employment Secretary, to follow Mr Prior's example and argue strongly in Cabinet for more funds for training.

Print unions defend training boards

BY ALAN PIKE

VOLUNTARY training arrangements in the printing industry would be "doomed to failure from the outset," the general secretaries of four print unions declare in a booklet published in support of a campaign to retain statutory industrial training boards.

The unions urge individual print employers to challenge the views of the British Printing Industries Federation, the Newspaper Society and the Newspaper Publishers' Association—all of which *support voluntary* arrangements — and "ask whether it is in the long-term interests of the printing industry to abolish the statutory system."

In a review of industrial training arrangements now in the hands of the Government, the Manpower Services Commission has reached no firm conclusions on the future of the existing statutory training boards in the printing industry, but wants employers' organisations which *believe they can establish* effective voluntary arrangements to draw up firm proposals by the end of next month.

Print union leaders met representatives of the employers last week to discuss proposals for voluntary arrangements but were not satisfied that contributions by companies would be sufficient to maintain a voluntary system.

Fifth passenger terminal 'can save Heathrow jobs'

BY ELAINE WILLIAMS

THOUSANDS of jobs at Heathrow may depend on building of a fifth passenger terminal, British Airways said yesterday.

In a booklet "Heathrow—the Right Choice," the airline says that another terminal would safeguard between 15,000 and 20,000 jobs at the airport.

Last week the airline announced 9,000 redundancies, bringing the total job loss there in two years to more than 15,000.

It said that airport unemployment implied jobs lost with other employers such as hotels, caterers and cargo agents.

BA says that another airport is not required in the UK this century because there are already sufficient runways. But it claims that there is a lack of facilities to deal with travellers.

A fifth terminal would provide the *same* facilities but cost less than the proposed developments at Stansted Airport, BA claims. "Stansted is estimated to cost £869m at 1979 prices. On the same basis, Terminal Five would cost about £32m."

The public inquiry on airport capacity begins on September 29, when the role of Stansted will be debated. A fifth Heathrow terminal will be discussed at a later hearing.

BA says that a fifth terminal would not increase environmental problems at Heathrow. Noisy aircraft will be grounded by law from 1986 onwards, and no increase in flights above the limit of 270,000 a year to be *imposed by the Government* in 1985 will be needed.

At Heathrow the number of travellers has risen in 10 years from 15.7m to nearly 30m. At Gatwick it has increased from 3.8m to nearly 9m.

Heathrow has three passenger terminals. A fourth will be ready by 1985. The other major airport, Gatwick, has one terminal. Proposals for a second await the result of a public inquiry.

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JOBS COLUMN

No sense in class prejudice

BY MICHAEL DIXON

EVEN IN middle age, when two people are introduced socially and find they are both graduates their conversation tends soon to veer to a particular point. "What," one will ask the other with practised nonchalence, "class was your degree?"

Th answers vary in tone as well as content; usually as follows: "Well . . . I don't think I was worth it, but a first . . . actually." Or "Only an upper second, I'm afraid." Or "A lower second . . . but I was under a bit of a handicap. I got struck by lightning a week before my finals." Having never heard anyone admit gaining any degree worse than a lower second, I can only assume that those who do so, just lie.

By comparison with the graduates themselves, the employment market seems in general to be less enthralled by the stamp put upon people before they are ejected from higher education. But while many professional recruiters deny that they are much influenced by the class of degree gained by an applicant, there can be no denying that academic snobbery taints numerous other people with power over whether a job is offered or not. Given two candidates of equally suitable experience and similar personal impressiveness, few big-company managers at least would fail to be swayed by a difference in status of degree, no matter how irrelevant to the work or how long ago obtained.

Yet except in a minority of research jobs and the like, this often decisive classification is as inappropriate a means of discrimination as race, sex, creed or nobbliness of knees. Anyone who doubts me need only study the adjacent table, compiled from Government statistics on the state of universities in 1978, although published only the other day.

Universities in UGC 'pecking order'	No. of new graduates 1978	% with first-class honours 1978	% with first-class honours 1973	% with 'good honours' degree 1978	% with 'good honours' degree 1973
Bath	804	5.6	8.4	81.5	71.2
Brunel	428	9.1	8.0	80.1	63.1
Birmingham	1,825	5.2	7.2	68.9	76.9
Manchester	3,203	5.9	7.1	69.4	68.5
Edinburgh	2,011	4.7	5.8	45.6	43.2
Sheffield	1,779	4.9	5.8	78.9	77.7
York	731	5.6	5.9	87.7	88.0
Dundee	546	4.0	3.0	44.0	42.1
Southampton	1,363	6.1	6.6	85.8	82.5
Warwick	1,206	4.0	4.8	83.8	80.0
Leeds	2,089	5.0	11.4	68.2	79.2
Exeter	1,154	4.9	5.1	86.7	82.1
Cambridge	2,983	17.6	18.9	91.9	92.1
Liverpool	1,767	4.1	5.8	68.4	68.9
Loughborough	1,185	6.8	6.5	78.6	69.2
Oxford	2,946	12.0	10.9	77.9	81.5
Glasgow	2,048	4.2	4.4	36.1	33.3
Leicester	964	3.5	4.4	86.7	84.3
East Anglia	928	4.1	5.4	86.9	86.6
London	7,232	8.0	9.0	64.2	62.0
Nottingham	1,495	6.1	7.0	81.6	84.8
Durham	1,150	5.5	5.2	76.3	69.6
Aberdeen	1,053	4.7	3.4	45.2	41.1
Bristol	1,612	6.4	5.3	78.6	72.4
Essex	623	3.0	3.9	79.5	73.1
Newcastle	1,587	5.2	5.0	70.5	68.3
Strathclyde	1,574	4.6	4.7	39.3	42.3
Sussex	989	6.3	7.9	83.1	82.6
City	531	8.1	8.6	75.7	73.8
Reading	1,187	4.6	3.8	85.4	80.2
Lancaster	1,019	3.6	4.2	84.2	81.9
Wales	4,244	3.7	4.3	76.1	78.0
Kent	889	2.7	3.9	82.0	80.0
St. Andrews	693	7.2	9.2	64.5	63.0
Heriot Watt	557	8.6	6.1	55.3	44.2
Surrey	596	6.9	8.0	72.0	74.3
Keele	470	2.1	2.7	88.5	91.6
Hull	1,163	1.8	2.9	80.1	81.3
Stirling	438	3.9	2.7	39.7	34.9
Bradford	952	5.6	4.5	78.8	70.5
Aston	1,032	4.4	6.1	71.7	63.6
Salford	932	4.6	7.5	64.4	61.3
Total	61,978	6.2	7.0	71.7	69.9

Doubt

My figures show how different classes of degree were distributed among the 42 British universities' new bachelor-level graduates in 1978 and five years previously. The first two columns of percentages refer to those awarded first-class honours. The last two refer to graduates awarded at least a lower second-class honours, which is what the education system designates a "good honours" degree. And *the table as a whole casts severe* doubt on the common belief that the degree classes represent national standards.

The fact that Cambridge came first and Oxford second in 1978 in awarding first-class honours may support the notion that this is a reliable measure, on the whole, of the intellectual excellence promoted by each university. But that would measure Bristol (which ranks third to Oxbridge in the quality of GCE Advanced-level grades attained by incoming students) in only tenth place behind Brunel, Heriot Watt, City, London, St Andrews, Surrey, and Loughborough — which would not be accepted as possible by any serious observer of the education system.

It is when one turns to the good honours percentages, however, that the belief that degree classes represent national standards starts to seem absurd. Look, for a start, at the big differences between the proportions of good honours degrees awarded by the Scots institu*tions, and those generally* recorded by the universities in England and Wales. The ostensibly "poorer academic quality" of students emerging from Scotland really reflects the convention there of barring *large numbers of* undergraduates from attempting an honours degree. These then study for an ordinary degree which takes three years, whereas those allowed to pursue honours study for four. South of the Border, honours courses largely take only three.

Many of the graduates from Scottish universities went there with GCE Advanced-level grades as high as those of their contemporaries starting degree courses in England and Wales. It would be an unreasonable as well as suicidal Sassenach who, in these circumstances, contended that the Scots could be only around half as good at promoting a given standard of intellectual quality in four years as their southerly rivals are in three.

It might be thought that there must be two different *standards represented by good* honours awards — a higher one common to the eight Scottish institutions and a lower one consistently observed by the 34 in the rest of Britain. The idea of a consistent standard in England and Wales would seem supported by the fact that the greatest *proportion of good honours* was awarded by Cambridge, which reputedly demands the highest A-level entry qualifications and so is the hardest university to get into. But that ludicrously fails to square with the fact that the second greatest proportion of good honours was awarded by Keele, which is generally considered the easiest university to get into.

Moreover, if degree classes represented consistent standards, the figures would not support much confidence in the University Grants Committee's *judgment of which institutions* to expand and which to cut. For the degree classes would then reflect the quality of a university's teaching, which we would justly expect to improve over time. And the UGC has let it be known that improvement in the quality of teaching was as important an aim of its decisions as any other.

Odd chime

This chimes oddly with the table, which ranks the institutions according to the UGC's "pecking order": from Bath due for a 2.2 per cent increase of students from Britain and other EEC countries by 1983-84, to Salford due for a 30.2 per cent cut.

Of the 21 "better treated" universities in the top half of the UGC order, only three improved their performance on both the first-class and the good-honours measures from 1973 to 1978, compared with eight in the bottom half. Deteriorations on both measures were registered by six of the better treated, and five of the worse sufferers.

In addition, taking the 42 institutions as a whole, while 30 improved and only 12 deteriorated at the good-honours level, the changes in first-class other way round.

So on the evidence of the table, we have a choice. Either the universities lapsed towards mediocrity in their promotion of academic quality from 1973 to 1978 and the UGC's judgments are suspect. Or degree classes are not the consistent national standards so many people assume them to be—in *which case those who run the* higher education system surely have a public duty to admit it.

CONTRACTS AND TENDERS

COMPANY NOTICES

COMPANY NOTICES

LEGAL NOTICES

UK NEWS — LABOUR

Welsh workers' co-op network urged

Robin Reeves looks at Wales

TUC proposals for creating 10,000 jobs

THE WALES TUC unveiled its proposals yesterday for a *Mondragon-style workers' co-operative movement.*

Its report, outcome of an eight-month feasibility study, says that given an injection of public funds of £750,000 over the next seven years—£150,000 in the first year — some 10,000 could be created in co-operative enterprises in Wales.

The capital injection would be used to "pump-prime" a Wales Resource Centre to act as a lynchpin in formation and development of a co-operative sector.

With an initial team of six the centre would supply marketing, financial and legal expertise and back-up required to establish a network, and help in securing investment capital.

Initially investment capital would have to come from established financial sources. But the study proposes development of a network of credit unions, small savings and loans co-operatives, which it hopes would eventually lead to an independent investment fund for co-operative ventures.

The study envisages that the resource centre would be virtually self-financing.

Mr Geoge Wright, Wales TUC general secretary, said that as a result of the eight-month feasibility study and the interest and enthusiasm it generated, "we have come to the firm conclusion that we could have a Mondragon here in Wales."

"We are not talking about a safety net for the capitalist system, but something which is economically and financially strong enough to survive under any system."

He noted that though industrial co-operative ideas had first been developed by Robert Owen, a Welshman, other countries in Europe had now done far more.

In France building co-operatievs were encouraged to tender for Government contracts, and in Italy there were special incentivest o help young people establish their own co-ops.

Mr Wright stressed that £750,000 for seven years was a very small sum for the Government to invest in co-operative job creation, particularly when set against the £150m granted the Welsh Development Agency for the past five years, which resulted in only some 14,000

Given the required financial backing the Wales TUC co-operative approach would step up considerably the formation of new businesses in Wales.

Between 1965 and 1975 small *businesses had accounted for* some 600 new jobs a year, on average. Mr Wright said they were confident that given a resource centre, they could do far better.

Asked about the existing co-operative Development Agency, Mr Wright said it was London-based, staffed by civil servants, and essentially an advisory body. The proposed resource centre would take an active role in aiding co-operatives and providing common services.

Politically, the Wales TUC's investigations had shown the urgent need for a top-line TUC unit and permanent committee dealing with workers' co-operatives. Legislative changes to remove discrimination by banks and pension funds were also required.

It was time to acknowledge that workers' co-ops were businesses like any other, and, established on a sound footing, offered a more secure long-term investment than, say, property.

The Wales TUC would also seek an amendment in credit union legislation to allow building-up of a general reserve fund.

TUC, Labour debate planning

BY BRIAN GROOM, LABOUR STAFF

SENIOR TUC and Labour Party representatives yesterday drew back from deciding on the kind of new central planning agency they would want a Labour Government to create.

A division of opinion about trade union involvement emerged during a meeting of the industrial and planning sub-committee of the TUC-Labour Party committee.

MPs on the sub-committee were concerned about the constitutional implications of having a tripartite body play a central role in running economic policy. TUC members emphasised that there would have to be some level of union involvement.

Yesterday's meeting considered five options:

- A strengthening of the National Economic Development Council and its offshoots, so that it would be integrated into planning, and be consulted early during the annual public expenditure review.
- A tripartite national planning commission with executive powers. This would draw up a plan to carry out policies decided by Cabinet and then monitor the work of Government departments.
- A small, high-level central planning unit responsible to a Cabinet committee.
- A new planning department which would take over the Treasury's public expenditure and economic management functions, along with key functions of the Industry Department.
- A "super" department which *would—in addition to the* responsibilities of the previous option — absorb the Department of Trade and Energy, together with the sponsoring functions of other departments (such as the Department of Health and Social Services in relation to the pharmaceuticals industry). It might absorb some Bank of England functions.

None of these was found to *be suitable.* Officials will try to draw up a compromise. This may involve a planning agency which is obliged to consult a tripartite advisory body.

"We've probably reached the point where we now have to return for nourishment to our parent bodies," Mr Len Murray, TUC general secretary, said at the meeting in London.

Mr David Basnett and Mr Clive Jenkins were among the TUC leaders who attended.

Mr Peter Shore, Mr Tony Benn, Mr Eric Heffer, Mr Stanley Orme and Mr Norman Atkinson of the Labour Party also attended.

Call to save rubber works jobs

By Our Labour Staff

THE GOVERNMENT'S economic policies are blamed to-day for the possibly permanent disappearance of whole sections of Britain's rubber industry.

The accusation is contained in a report *by the General and Municipal Workers' Union. Its publication coincides with the union's annual rubber industry conference in London.

Nearly 16,000 jobs were lost in the industry up to March this year since the Government took office and there is no sign of a slowdown in job losses, it says. One in seven of the industry's workers are on short time.

The report rejects cuts in wages as a means of saving the industry, and recommends four key measures of the labour movement's alternative economic strategy: reflation through increased public spending; more public ownership, and planning agreements in private industry; selective import controls; and tripartite agreement on economic objectives.

* *Rubber Industrial Review 1981/82, GMWU, Thorne House, Ruxley Ridge, Claygate, Esher, Surrey, KT10 OTL.*

Nupe threat of 11-12% claim

BY BRIAN GROOM

THE National Union of Public *Employees is to press for a pay* claim at least in line with the rate of inflation to be put forward on behalf of Britain's 1.1m local authority manual workers.

Mr Ron Keating, assistant general secretary, said that the recommendation—made by the union's executive at the weekend—meant the Nupe was looking for about 11-12 per cent on pay and an unspecified reduction in the working week.

The final claim, which will present an early challenge to the Government's 4 per cent cash limit on public service pay rises, will be drawn up at a special meeting of the three unions involved on October 7 and presented to the local government employers a week later. The settlement date is November 4.

The General and Municipal Workers' Union will hold a *conference of shopfloor representatives* this Thursday to make its own recommendation. This is also likely to be at least in line with the rate of inflation, although some branches are pressing strongly for a higher claim.

The Transport and General Workers' Union is to hold a delegate conference on October 1 to decide its position.

Mr Keating said that Nupe would stress that the claim should not loose sight of the union's traditional aim that the pay of local authority manuals should rise to two-thirds of national average earnings. This would mean a rise in the lowest basic rate from £59 to around £90.

This could not be obtained in the current round of negotiations, but the unions should at least seek to ensure that they did not end up further away from their objective by once again settling below the cost of living.

The local authority manual workers last achieved their aim of two-thirds of average earnings in 1974, Mr Keating said, but they had since fallen back.

This "shows up dramatically the nonsense told by government that wages in the public sector have outstripped those in the public sector," he said.

Last year the group settled for 7½ per cent at a time when inflation was well into double figures.

Local authority unions are tentatively discussing the prospect of adopting a common pay settlement date, but any decision would be unlikely to affect this round. Teachers are scheduled to settle in April and white collar staff in July.

Hospital staff remain out

ANCILLARY hospital workers are still on strike at St Stephen's Hospital, West London, after failing to attend a meeting with management yesterday aimed at settling the dispute.

The strikers, who later met and voted to continue their action until Thursday, claim that a hospital porter was assaulted 12 days ago.

The unions involved have appealed over disciplinary action taken against the porter following an investigation, which found no ground for the allegation of assault.

Southampton docks hit by cargo strike

By Our Labour Staff

MOST cargo-handling at the port of Southampton was halted yesterday when 150 cargo checkers stopped work as part of a long-running dispute. Cross-Channel ferries and passenger *ships, however, were unaffected.*

The checkers, who belong to the National Union of Railwaymen, say their opportunities for overtime would be reduced by a proposed cut in shifts for non-registered workers from five to three, to bring them into line with dockers' shifts. They will consider their next move at a meeting today.

- A strike over protective footwear at Cammel Laird Shipbuilders, Birkenhead, which threatened to delay trials on the Royal Navy's latest warship, was called off last night for talks to take place. About 100 members of the General and Municipal Workers' Union had staged a half-day sit-in yesterday on the ship, HMS Liverpool.

Work resumes at Ford's Bridgend plant

By Our Labour Staff

THE 600 men at Ford's engine plant in Bridgend, South Wales, who went on strike, halting production last Friday, returned to work yesterday morning to allow further plant-level talks on the dispute to continue.

The men claimed a foreman was doing work of an hourly-paid employee on the production line, but management said he was merely instructing a mechanical fitter.

The effects of a stoppage of more than a few days at Bridgend would have rapidly spread to the company's plants at Halewood, Merseyside, and Cologne, West Germany, which receive Bridgend-made engines.

FINANCIAL TIMES SURVEY
Tuesday September 22 1981

Catering and Vending

The fast food boom has fallen victim to the recession and even to its own success. It is now a crowded field with tight profit margins likely for some time to come. In industry companies have been forced to re-appraise the cost of staff meals.

Eating habits come full circle. In the wake of the fast food revolution, J. Lyons has reopened its famous Lyons Corner House in the Strand, London, complete with traditional waitresses known affectionately to many as "Nippies"

CONTENTS

Subtle change in eating habits

By David Churchill
Consumer Affairs Correspondent

THE CATERING, vending, and fast food industries have all been influenced by one common factor over the past decade: the eating habits of the British consumer, which have undergone subtle but significant changes.

Ten years ago, for example, Britain had not experienced the foreign travel boom which subsequently exposed the British holidaymaker to a wide variety of exotic dishes that have since found their way into British supermarkets. Lager sales, too, were minimal in the UK until Britons abroad discovered a taste for the drink.

Ten years ago, moreover, the standard of living was lower with modern appliances such as deep freezers and micro-wave ovens an exception. Now about 50 per cent of all households own a domestic freezer and ownership of micro-wave ovens is growing rapidly.

There have been important changes in peoples' lifestyle as well. Despite the effect of the recession on employment, there are still more women at work than ten years ago. The repercussions of this are widespread: more shopping is carried out at the weekend and shops have had to stay open later to cope; convenience foods have grown in popularity; and families have had greater disposable income which enables them to afford to eat out.

In addition, during the past decade there has been a move away from traditional family meals eaten at home towards meals eaten either as snacks at home or bought as take-away snacks. This has especially been the case with young people in the 16-24 age group who have been largely responsible for the fast-food revolution that, at present, is sweeping the High Streets of the South East but which is expected to spread to the rest of the nation over the next decade.

But even the fast food boom over the past year has fallen victim to the effects of the recession and, in some respects, to its own success. Over the past 12 months a number of companies—mainly British-owned—have sought to join the fast food bandwagon in an attempt to make a "fast buck." Inevitably, the market has become overcrowded which, allied to the recession, has made profits from fast food a promise for the future rather than a reality at present.

Yet while the recession undoubtedly has taken its toll, the underlying factors which have altered peoples' eating habits have not radically changed. Moreover, a take-away hamburger and chips at under £1 still provides good value.

The effects of the recession have been more marked in the industrial catering and vending industries. As unemployment has risen, so obviously the numbers of employees requiring food and drinks at work have fallen.

At the same time, the impact of inflation and rising costs has forced companies to make detailed re-appraisals of the cost effectiveness of providing meals for employees. The traditional canteen and tea-trolley service seems out of place in the 1980s. Yet companies still acknowledge the need to provide food and drink in the interests of higher efficiency and productivity. Employees, also, are anxious not to lose their traditional "perk" of subsidised food at work.

Equal share

The catering market, which had total sales last year estimated at £9.4bn, is dominated by the public house trade, which accounts for more than half the total market. The pubs sector is followed by the restaurants, cafes, fish and chip shops and other take-aways, which have about an equal share of trade with the licensed hotels and holiday camps market. Canteens and catering contractors represent a much smaller share of the market.

Jennifer Tanburn, an expert on the food industry, suggests in a new study on food distribution in the 1980s (published by the Central Council for Agriculture and Horticulture Co-operation) that pub food will be one of the decade's growth areas. "Pubs are well suited to meet the requirements of informal eating and there are still many pubs that could, but do not at present, serve food."

Miss Tanburn expects that growth in the catering sector in the period to 1985 will take place almost entirely in the commercial sector, although the industrial sector could show some improvement by 1983 as new industries and services develop.

Hotels and holiday camps are likely to show a less buoyant trend than other outlets in the commercial sector, she predicts.

In the industrial sector, Miss Tanburn forecasts that the use of contract caterers will increase. "The institutional sector is expected to decline, mainly because the number of children aged 5 to 15 years will fall by 16 per cent between 1979 and 1985," she says. "However, the types of food provided are already changing, with some schools offering a self-service cafeteria service, rather than the meat and two vegetables which they were previously required by statute to provide."

Miss Tanburn also comments that, in all sectors, "portion control will become of increasing importance," as well as the need to keep labour costs "to a minimum." Thus, she adds, catering outlets will buy more of their food in partly-prepared forms.

Howard Phillips, marketing director of Ross Foods, agrees that "the pattern is set for prepared products in the 1980s." He says that "rising kitchen costs are making it increasingly difficult for the individual catering unit to compete on traditional terms with the highly-efficient food factory."

According to Mr Phillips: "When the cards are down, it will be a straight choice between Duck a l'Orange being traditionally prepared in your own kitchen at a high price, or buying it ready prepared from a factory which guarantees a standard quality, and eliminates many of your overheads. The choice is as simple as that!"

The vending sector of the catering industry has faced a difficult 12 months as a result of the recession, just when it seemed that the problems of the industry were being overcome.

In the 1960s and early 1970s the vending industry became notorious for inefficient machines and "cowboy" operators who cared little about service. However, as the technology has improved and the cowboys have gone elsewhere in search of quick profits, so the major companies in the sector have gradually re-established the image of vending.

Vending is essentially a three-part industry: the dispensing of hot beverages, such as tea, coffee, hot chocolate, or cold drinks; snacks like chocolate bars, crisps, and even hot meals; and all other types of vending, such as in hotels, railway stations, and in pubs.

Confused

David Roberts, chairman of the United Vending Traders' National Consortium of vending operators, says that the vending industry at present is "still relatively confused following the severe pressures on the manufacturing base in times of recession."

He says that "total cup sales are still being affected by the recession and it is very hard for new business obtained to maintain a pace with old business lost." The growth is further compromised, he adds, "by the almost desperate effort of the machine manufacturers to maintain their production lines running in the face of imported competition."

Mr Roberts points out that: "Within the industry itself there is an enormous degree of optimism among the operating section, tinged with a slight concern as to whether this optimism is based on realistic aspirations or hope beyond realisation."

Mr Roberts sees the future trend as being towards full facility vending. "This trend is making operating companies aware of the need to broaden the base of their operation, which inevitably will see them enter into the catering area either with convenience food through vending equipment, or the traditional counter service supplemented by automatic support.

"Micro-tecnology, which is replacing the old electro-mechanical control system, will also allow vending machines previously criticised for being de-human to communicate in a more effective fashion in the area of choice, reliability, and personal preference."

Whatever the immediate problems facing the catering, vending, and fast food industries as a result of the current recession, there remains the inescapable logic that all three sectors must be ripe for growth throughout the rest of the decade when the economy recovers.

The trends established in the 1970s—changing social habits, willingness to experiment, more working women—are, unlikely to be reversed and, if anything, will continue to get stronger. Fast food operations will extend their range to cater for more than just the "hamburger" market—which will probably encourage age groups other than the young to use such outlets more frequently. Vending will expand into all walks of life to provide a 24-hour retail service. At work, hot-meal machines will provide a challenge to traditional catering facilities.

For an industry with total sales approaching £10bn, the growth may not be staggering—but it will be growth all the same.

CATERING AND VENDING II

Meals at work a social responsibility

INDUSTRIAL catering received its greatest impetus from the need in the 1939-45 War to provide workers in munitions factories with nutritious meals and the employers' principal motive has been to ensure that people are fed well enough to keep up morale and productivity.

This argument can be overstressed, however, and recent studies suggest that there is little difference in productivity between those workers who have access to meals at work and those who do not. But meals at work are viewed as an important part of an employees' fringe benefits, although meals rarely form part of union-negotiated pay deals.

The years of restricted pay increases in the 1970s helped to promote the provision of meals at work while the social responsibility argument has recently re-emerged with the squeeze on food spending in general because of the recession and the declining proportion of family income spent on food.

For many employees the lunch at work is the only properly balanced meal they have in the day.

Industrial catering managers, who are mostly under 35, are aware of the changed eating habits of the nation, whether influenced by foreign holidays or dietary considerations. Many of them promote special days with the emphasis on foreign foods such as a French or an Italian day. Salad bars are also increasing.

But tastes still tend to be regional. Employees in the North, particularly, are more traditional in their tastes. The favourite is a main meal of meat and two vegetables, which offers much better value than fish and chips. Surveys of prices show that employers charge less for a roast lunch than for a series of separate entrees or fish and chips.

Prices vary from company to company. The last full survey by Midland Catering last year found that the average selling price, including VAT, of a three-course meal and coffee was 55p. In a survey of 480 of its industrial and office catering sites, Midland found that 22 per cent charged between 40p and 49½p, 24 per cent between 50p and 59½p, and 22 per cent between 60p and 69½p.

The Industrial Society's survey of meals at work last year found that prices had gone up 30 per cent between 1979 and 1980, though in relation to average earnings prices were lower than in the 1960s.

Food costs and usually the preparation cost are normally borne by the employer. But for an average meal at work this only amounts to just over half the cost. Rent, rates, energy, management, catering contract fees and maintenance costs are borne by the employer.

Pricing in industrial catering is often calculated arbitrarily.

The Market

GARETH GRIFFITHS

A 10 per cent pay increase is often reflected in a 10 per cent price rise in the canteen. Professional caterers often despair of this attitude, although the increased use of contract catering is making a difference.

A report by the MSS Marketing Research group found that most employees thought they received good value for money. About 60 per cent of catering service customers did not check the menu before going to the cafeteria or dining room, suggesting a high level of satisfaction with the meals provided.

The catering services offered outside the place of work can have a marked influence on what employees will accept. Mr Chris Grater, the manager of employee services at Ford, recently outlined a scheme introduced by the company at its Dagenham plant and also at Bridgend, South Wales.

"Using a mobile counter we set up a fast food operation, complete with pictures, product price display, logo marked boxes and the full range of disposable boxes, serviettes and cutlery," said Mr Grater.

"The selling prices included all the additional expenses of the merchandising materials and disposables and a higher profit mark-up so the product was notably more expensive than the components which could also be purchased in the same service area.

The experiment resulted in considerably more business at Dagenham but was a complete failure in South Wales. "Why? There were no McDonalds in South Wales and this was important to people's perception of value for money."

This example shows the attention that catering managers are giving to new ideas. Grand Met Catering Services (formerly Midland and Bateman catering) has introduced a "Hillbillies" menu.

It offers a variety of hamburgers, French fries (chips in plain English) and such "all-American" desserts as apple pie.

The aim is to attract those employees who regard it as a normal part of their diet to buy fast foods in the High Street. Grand Met says that if the scheme is to succeed the quality of the "Hillbillies" menu must be as high as the best of the High Street outlets. (It runs the Wendy chain of hamburger "joints," which gives it some basis of comparison.)

There has also been a growing trend towards ethnic foods in areas such as the Midlands and London, particularly for large manufacturing companies with Jewish and Asian workers. Kosher food preparation depends on the degree of orthodoxy of the customers, but the airline El Al, for instance, has run a successful kosher mass catering service in Heathrow Airport for the past 20 years.

"Ethnic" foods are likely to continue to grow in importance, as are main-line fast foods. Research in the U.S. shows that customers regard hamburgers as "hot sandwiches," and there is therefore no reason why they should not rival cold sandwiches as a snack provided by catering facilities at work.

The key to mass catering is food preparation and there have been several innovations in freezing methods. The economies of scale from freezing meals centrally and then reheating them at the point of distribution can be substantial, although the capital outlay can be expensive.

Liverpool City Council, for example, has introduced a frozen-food prepared meals system for its schools, old peoples' homes and day centres.

Several outlets are now using the chill-freeze method whereby some food is chilled and reheated later. But the prospects for frozen food in the catering industry generally are not bright.

The Birds Eye report on frozen food published in April showed that although frozen food sales to all caterers had risen in cash terms there had been no real growth since 1979. For the third year running the percentage share of frozen food sales to caterers fell.

In 1978 the sector accounted for 23.4 per cent of total sales, in 1979 22.8 per cent, and in 1980 21.3 per cent. But because of discounts the volume of sales to the catering industry is higher than the monetary value suggests—probably about 28 per cent.

In its survey of the frozen foods market last year, Ross Foods found that 17 per cent of all food served in industrial establishments was frozen and that there had been a marked increase since 1975.

But other sectors such as public house food had shown a much faster rate of growth and showed a higher proportion of frozen food.

The market for frozen foods in the catering industry is dominated by potatoes and vegetables. Ross Foods found last year that potato products, including chips, accounted for 36 per cent, vegetables 20 per cent, meat products 18 per cent, fish 21 per cent, ready-to-eat entrees 5 per cent and desserts 4 per cent.

But there has been some trade union opposition to the introduction of centrally prepared frozen food because of worries over job losses. Centralised food systems have often been introduced in the face of strong union opposition.

There have also been instances where contract catering in the public sector has been scrapped in favour of "in-house" catering because of local union and political pressure.

Yet the economies of scale achieved by the large catering contractors and operators means that their reliance on frozen prepared foods will result in firm support for the frozen food industry.

Staff cafeterias going upmarket

THE CATERING industry has great purchasing power not only in its dealing with the food suppliers but also in cafeteria refurbishment, refrigeration equipment, kitchenware, crockery and cutlery.

People eating their meals at work look for a place to relax with friends as well as to be served quickly. The average main meal break is about 45 minutes and caterers are keen to get away from the old image of the canteen providing stodgy food and bare standards of comfort — the Greasy Spoon syndrome.

The professional managers of the large industrial catering concerns therefore try to persuade their customers of the advantages of single-status dining areas so that, for example, office staff are not separated from manual workers.

They discourage the use of the word "canteen" and instead refer to catering facilities, staff restaurants or cafeterias.

But most British companies still organise their feeding arrangements by keeping groups of employees apart, with manual workers eating in one area, management in another, and the directors in a third.

Some companies defend this segregation on the grounds that visitors need privacy and much of the resistance to single eating areas has come not from senior but form middle and junior managements jealous of their perks and status.

Regardless of the area, cafeterias are generally moving "up-market" and this has provided an opportunity for suppliers. Furniture is the only principal item of capital equipment with which a customer comes into physical contact and is obviously important.

Ford Motors, which has done a lot of work studying catering attitudes, found that high on the list of important factors in cafeteria use was the question of furniture arrangements and table layouts. To meet the need to relax it should clearly be possible for groups of friends to sit together.

Square or rectangular four-seater tables and larger round tables are easily the most popular forms of dining furniture, with divisions effected by screens, plants and visual aids.

Equipment

GARETH GRIFFITHS

A number of catering furniture makers have tried to supply these needs. Among them is Primo Furniture, which has been strong in the fast-food sector. Its furniture has been chosen for display at the Design Centre in London.

Cleanliness and accessibility —with free space under chairs for cleaning the floor, for instance — is important to caterers and the designs they have opted for are recognised increasingly as providing a sensible model for other furniture.

The success of High Tech design, essentially well-designed industrial furniture, is now to be seen in department stores and furniture catalogues and in staff dining areas and kitchens.

This approach results in equipment better suited to the job. IMC, the Hertfordshire catering and waste disposal equipment manufacturer, recently launched a range of stainless steel kitchen equipment. The range covers shelving, trolleys, wheeled tubs for peelers and chippers, and a series of easily-assembled tables.

Rolled edges are used throughout, with all internal angles curved and all cavities sealed.

Microwave ovens have been seen as the great innovation of the catering industry and have helped foster the increased use of frozen or chill-frozen products mentioned elsewhere in this survey.

Henshall, which took over the microwave business from BOC three years ago, has launched its Micro-aire oven. This will be the first combination cooker of its kind marketed in the UK, and is aimed at the executive kitchen end of industrial catering as well as public houses and small restaurants.

It will sell at between £1,200 and £1,500, compared with the £5,300 for the Henshall oven for large inustrial catering establishments.

The adverse impact of the recession on industrial catering has been met with by different attitudes. Some companies, have continued to invest in new equipment and refurbishments, while others have seen catering as the first department to bear budget cuts.

Large catering organisations such as Gardner Merchant or Grand Met Catering Services do not provide the equipment in their packaged services but advise companies on the best options. These could include leasing or buying through the industrial contract caterers.

There are just under 20,000 canteens or other eating places at work in the UK and the forecasts suggest a slight fall. In 1979, 1,097m meals were served and this is expected to fall to 1,037m. But the number of meals served by catering contractors is expected to remain at about 260m a year.

This projected decline masks the qualitative changes that are taking place. Gardner Merchant, for example, says the contracts it has lost during the recession have tended to be at the bottom end of the market and that there is therefore a move to a higher-quality approach.

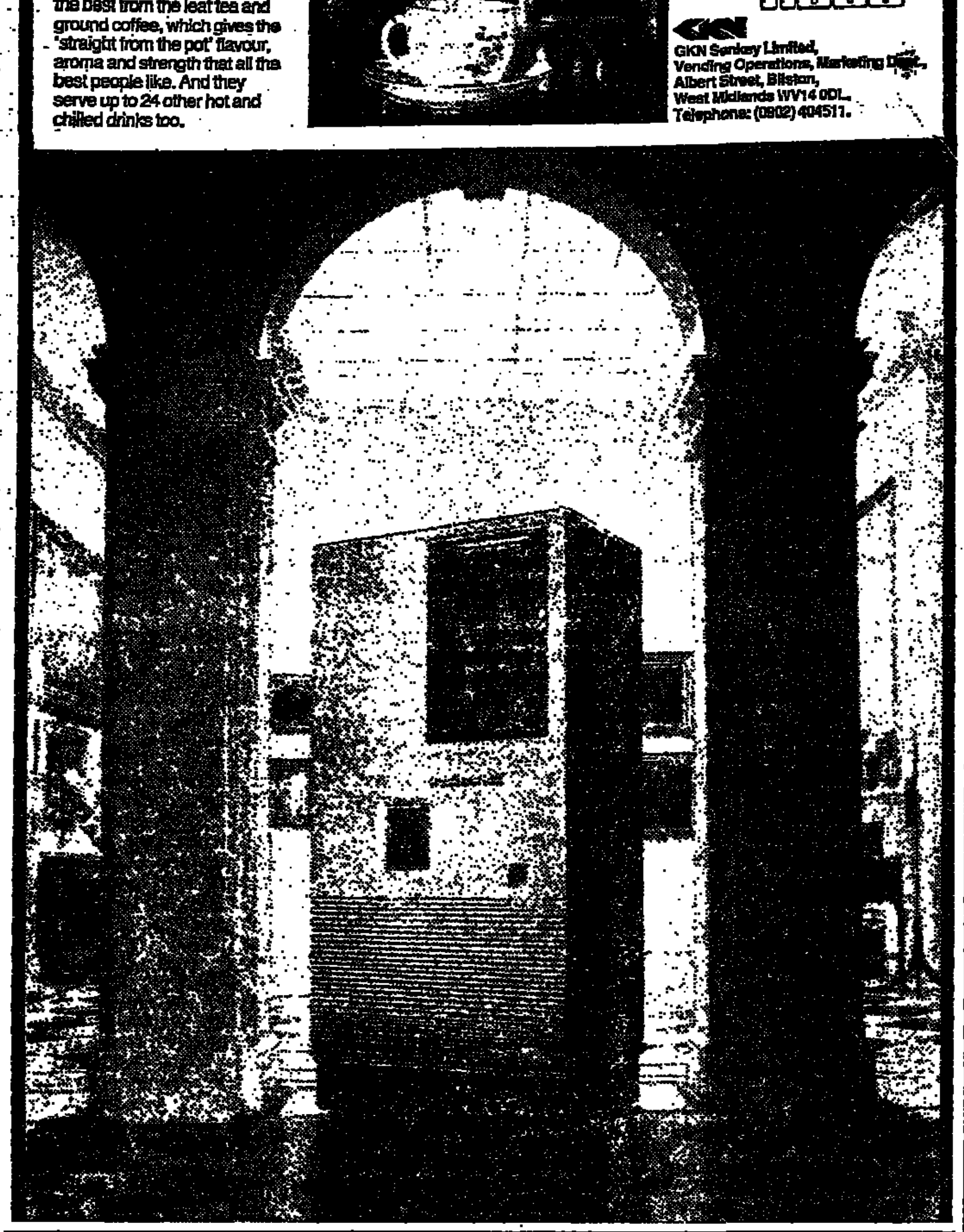
This move up-market has also been reflected in catering management. Much of the industry is characterised by low wages, high labour turnover and marginal employment. Industrial catering was looked down on by public catering management until about five years ago, when attitudes changed.

Large concerns such as the main industrial-catering contractors can now attract able and ambitious young people and the professional catering management courses include industrial catering as one of six basic subjects.

A survey by Midland Catering of its 615 catering managers last year found that industrial catering is dominated by young managers, with 59 per cent aged under 35 Half of the 59 per cent were under 25. Most had either kitchen or hotel experience and more than half had a craft qualification.

Salaries ranged from £4,500 to £10,000, with opportunities to move into the wider areas of staff welfare.

At the same time, catering managers control increasingly large budgets, particularly in the light of the often confused management attitude to catering discussed elsewhere in this survey.



Slim profits in a crowded field

Fast food—the market

DAVID CHURCHILL

MAKING a fast buck out of fast food is not proving as easy as many operators had hoped only 12 months ago. In the past year some of the growth image of fast-food retailing has fallen away as a result of the economic recession and too much competition.

There remains little doubt that fast food outlets will remain a feature of the High Streets, but the investment needed for a successful retailing formula means that profits are unlikely to become significant for some years.

Most of the major companies still in the sector admit that at present they are only breaking even—if that—and the winners will be those who keep their nerve and decide to stay in the race.

Already some fast-food operators have fallen by the wayside. The Bejam freezer chain, for example, decided earlier this year to pull out of fast food after only a year or so in the business. It sold its "Trumps" chain to Grand Metropolitan's Chef and Brewer subsidiary and various other of its outlets to other concerns.

Bejam probably made the right move, for in an overcrowded field it needed strong financial muscle to stay in the game with little guarantee of ultimate success.

That the fast food market has reached such a stage after only a few years in existence in the UK in its present form is typical of the rapidly changing market the operators seek to serve.

Scrimgeour, Kemp-Gee and Co., stockbrokers, define the new fast-food format as "systemised, high volume, catering offering a predictable, branded, hygienic and heavily advertised product" which is designed specifically to appeal to the 15-24 age group.

This definition clearly distinguishes between the take-away fast-food retail outlet that has been so familiar to Britain for decades—the fish and chip shop. Estimates suggest that about 11,000 of the total of 16,000 take-away food outlets are simply fish and chip shops.

Chinese take-aways come second, with 2,300 shops, while the rest comprise other "ethnic" take-aways and the newer generation of fast-food outlets.

No accurate figures are available for the actual numbers of the new-type of store because of their rapid growth over the past few years.

Total expenditure on meals outside the home, according to the Family Expenditure survey, represents some 16.4 per cent of all spending on food. In the U.S., the comparable figure is 38 per cent.

Expenditure on meals outside the home is much higher in one-person and two-person households, in the 16 to 24 age group, and in the South East in general. This explains why much of the current fast-food activity is centred in or around London, especially in Oxford Street.

Market research by National Opinion Polls last year found that some 37 per cent of the 1,800 people interviewed used fast-food restaurants and that 1 per cent claimed to use them every day. But, the survey also revealed that the recession was taking its toll, with almost one-third of the interviewees stating that their use of fast-food outlets had declined since the previous year.

A Gallup Poll survey found that in the 16-24 age group some 40 per cent claimed to eat a fast-food meal at least once a week, with the figure rising to 61 per cent in the London area.

The growth in popularity of fast food in the UK in recent years has several causes. The standard of living had been rising steadily for several years — although it has slipped slightly at present — and this meant that more people were able to afford to eat out.

But as restaurant prices soared — helped by the imposition of 15 per cent VAT — the fast-food outlets came into their own. There is no VAT on take-away foods.

Apart from fish and chip shops and Chinese takeaways, the British fast-food trade was dominated for many years by the Wimpy chain. But by the early 1970s the Wimpy trading formula had become dowdy and the image tarnished. In the changing atmosphere of the 1970s the style was outmoded.

The U.S. fast-food companies were quick to spot the market potential in the UK. The American "invasion" was led in the early 1970s by Kentucky Fried Chicken, which claims to be the world's largest fast-food franchising company.

KFC was followed by McDonald's, now widely regarded as the paramount exponent of fast-food retailing, other U.S. operators such as Burger King have since joined the invasion.

McDonald opened its first UK branch in 1974 and now has over 50 in the London area. Its rate of expansion has been deliberately held in check to ensure that the right market image was created (all the existing sites are company-owned rather than franchised) and that market demand developed.

With poorly-judged timing, however, much of the frantic activity in fast foods over the past year has been created by British companies fighting back against the American. (McDonald could not believe it had been given such a head start.)

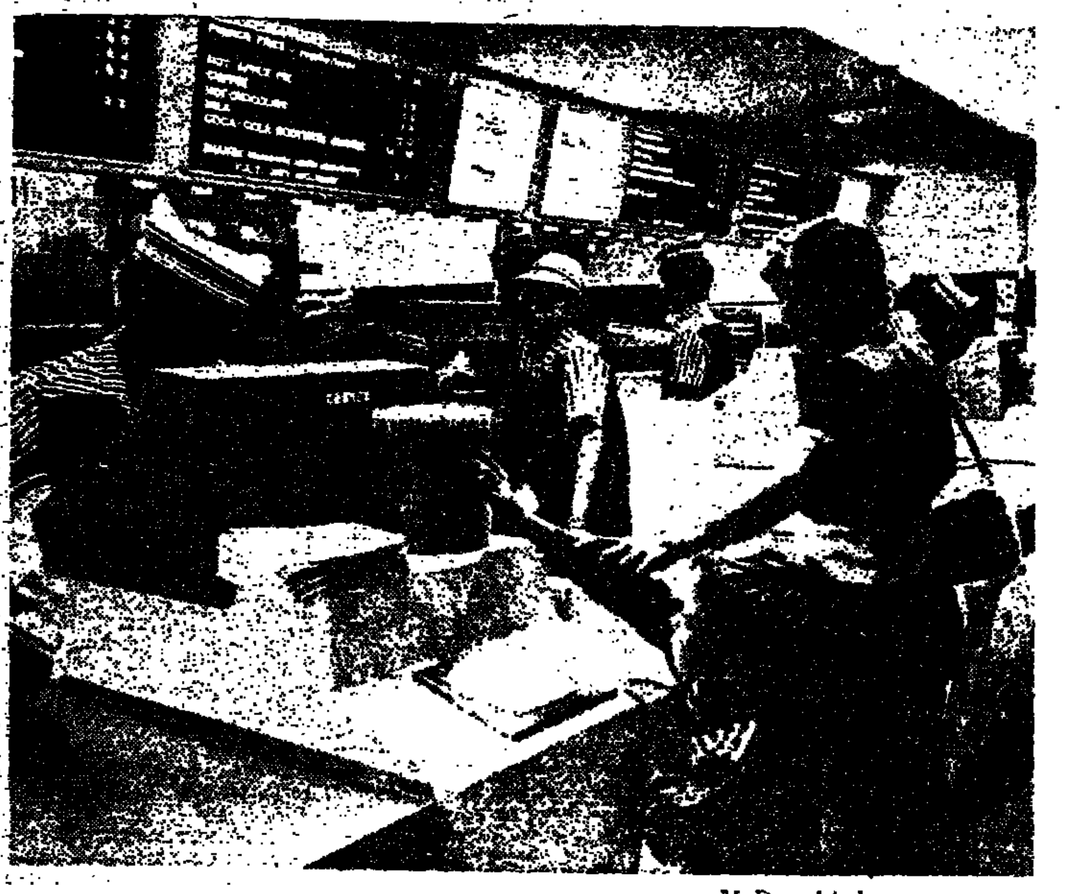
The number and variety of British companies seeking to jump on the fast-food bandwagon—just as the recession was dempening market growth—has caused some surprises. New entrants range from Grand Metropolitan Hotels and Trust Houses Forte to Tesco Stores and British Rail.

The Wimpy chain is being redesigned since its acquisition by United Biscuits. Wimpy has opened a number of counter-style outlets similar to those operated by McDonald and has retained ownership rather than franchising them. United Biscuits also has the Pizzaland and Denny's chains.

Most of the new fast-food outlets are broadly modelled on the McDonald formula, although many of the newer stores tend to provide a wider menu and more up-market décor.

Some operators are trying to market a different formula. The British School of Motoring, for example, is developing a chain of outlets selling baked potatoes. The chain, called "Spud U Like," has now three outlets in the South, more are planned.

Enterprises like "Spud U Like" may stand a better chance of survival because they offer an instantly recognisable alternative to the many McDonald-style outlets. Most of the leading companies therefore well aware that the going is likely to get a lot harder before market equilibrium is reached.



McDonalds has spearheaded the fast food boom in London and the South-East where it has more than 50 outlets. The company, which has operated in the UK since the mid-1970s, is likely soon to start franchising outlets in other parts of the country.

Franchising likely to develop

Fast food—the future

DAVID CHURCHILL

THE GROWTH of fast food marketing in the 1980s will depend on several factors, including its franchising, advertising, and technology.

Of these, franchising will probably play the most important part since it offers the major operators a relatively low-cost means of expansion.

Many of the operators are already working on a franchised basis, including most Wimpey bars, Kentucky Fried Chicken outlets, and Pizza Huts. But the problems faced by Wimpey and Kentucky Fried Chicken in particular in franchising fast-food has made both companies reconsider their strategy.

Their problems have also made McDonalds take its time before offering UK franchises.

Franchising, by definition, is where a company "establishes a contractual relationship with owners of separate businesses which operate under the franchisor's name in a specified manner to market the product or service."

The franchise company offers the would-be small businessman — the "franchisee" — essential know-how, equipment, materials and local rights to a nationally-advertised trade name.

For the franchising company the system offers an attractive method of expanding in a fast-growing area without the problems of capital investment and employee motivation. In fast food outlets especially, the long opening hours make it essential to have local managers who are keen and well motivated.

But, the franchisor is forced to retain some degree of control over certain parts of the franchise—much to the irritation of many franchisees—if the franchise is to be protected. It is obvious that failure in one branch can seriously affect the image of the whole franchise operation.

Wimpy found this to be a problem and was forced to buy back a number of stores as well as reorganising its operation for its franchisees.

Kentucky Fried Chicken, which also has had problems with its UK franchise operations, has established a Franchisees' Association Council to try to improve communication between individual franchisees and the operating company.

Franchising is of most benefit in towns outside London and the other major cities. The cost of setting up a McDonalds-type outlet in central London, Birmingham, or Manchester could be up to £500,000—which obviously take it out of the reach of the average franchisee.

Such franchises will probably be bought by companies eager to have a stake in a fast-growth area and able to afford the capital outlay. But opportunities exist for cheaper franchises in local High Streets where the initial starting-up cost is much lower.

About £30,000 is probably the current cost of a small fast-food franchise, although it could be much higher in some centres.

The major chains will probably keep a tight rein on their franchise operations as a precaution against "image" problems, as happened to Wimpy and KFC. In return, however, the major concern will promote a strong brand image which will give the franchisee a major advantage in High Street competition.

McDonalds, for example, spent £1.5m on media advertising last year even though it has not yet started to franchise its operations. Kentucky Fried Chicken and Wimpy were also among the major advertisers last year, but few other fast-food chains were spending heavily last year.

But this year the amount of fast-food advertising has already increased sharply and can be expected to go on rising. One trend is to confine expansion to regional television areas so as to concentrate television advertising. McDonalds, for example, has concentrated solely on the Greater London television area.

Moreover, the logical development of a franchising structure would be to grant separate franchises for each television area and then let the franchise holder sub-franchise smaller areas.

In the U.S. growth of the market has been developed — apart from franchising and advertising — by a constant search for new marketing ideas. In particular, there have been some product launches which successfully boosted sales and widened customer appeal.

Mr David Wexler, publisher of a U.S. magazine on catering, told a recent London conference of such new products. He cited the "biscuit and sausage" breakfast programme by the Hardee's hamburger chain, the introduction of chicken-breast sandwich and salad bars by the Wendy's chain, and the steak sandwiches which had increased sales by up to 40 per cent at McDonalds' U.S. outlets.

The fast food trend in Britain will also create new opportunities for British equipment suppliers. Much of the specialist equipment now used in the major operations is of U.S. origin, but there are no technical reasons why UK companies should not be able to make similar equipment.

Moreover, many of the new outlets are unlikely to be as large as the present operations, so the equipment need not be so specialised.

But the growth of fast-food marketing in the UK is not a certainty. Pubs could provide some stiff opposition. They are suitable for informal eating styles and there are still many pubs that could provide cooked food.

Brewers are aware of the opportunities. They are taking steps to ensure that more of their pubs serve food and that the standard of food served meets customers' needs. Developments in the food market itself, by producers of frozen and canned food whose products can be heated quickly in microwave ovens, are encouraging the pubs to serve food other than cold sandwiches.

The stockbrokers Scrimgeour, Kemp-Gee argue that a number of factors suggest that fast food will never achieve the same popularity in Britain as in the U.S. They include different road and transport systems, the lower density of evening traffic outside central London, and much higher occupancy costs—often more than double or treble the normal rate in the U.S.

The stockbrokers also suggest that "there will be more casualties as the 1980s progress and some fingers may be quite badly burned." As in any other revolution, some will make a great deal of money.

"We are convinced that in terms of the institutional life cycle the new fast-food revolution is in the period of early development and accelerating growth and this will be seen through much of the 1980s," they say.

"We would, at this point, hesitate to pick any long-term winners other than McDonalds. We think it has a head start and by the end of the decade will be in, or close to, the winner's enclosure."

A need for guidelines and objectives

Outside contractors

GARETH GRIFFITHS

AS AN indication of the general economy the catering industry has been in a sorry state for the past two years with fewer people eating outside their homes.

Apart from a boom in fast food and public house meals, the industry as a whole has been faced with tough competition, pressure on costs and declining demand.

Industrial catering has not escaped these pressures, although it is adapting and its leaders believe that the trend of long-term catering is in its favour. The provisions of meals at work has become an established part of the British way of life since the 1939-45 war and the total industrial catering sector is now worth several hundred million pounds a year.

The Industrial Society, in a survey of catering prices, costs and subsidies of 141 companies, found that 95 ran their own canteens and 46 were run by outside contractors. Contractor-operated catering was more usually found in small companies, especially in London, the South East and the South West.

The Industrial Society found that more than half of those concerns where fewer than 150 hot meals a day are served used contractors, but 87 per cent of the large companies looked after their own catering. Now the evidence is that there has been a marked move to engaging contractors for industrial catering.

Employers examining their catering arrangements — and there is evidence to suggest that they do not pay enough attention or spend enough time on their consideration — find that if they run their own canteens it means they have direct control over staff and expenditure.

The outside contractors claim that they offer a fund of experience, centralised purchasing, lower buying costs, fewer staff for whom the employer is liable, and the assurance that regardless of purely local conditions a guaranteed staff is available.

The idea that catering is an important part of a package of fringe benefits offered to employees is an accepted part of business life. More than four-fifths of employees in manufacturing industry have access to a canteen, with a slightly lower figure in the service sector.

The minimum figure for catering varies from company to company. A commercial company in the City can perhaps provide an "in-house" restaurant for fewer than a dozen people, whereas in a factory 200 meals a day will be the required minimum.

But in spite of this notion that catering is an important part of industrial welfare, managements remain confused in their expectations and assessments. A recent report for the Industrial Catering Association by Mr Howard Hughes, of Manchester Polytechnic, suggests that a clearer definition of aims is needed.

"Often there is a vague understanding that companies catering for their staff will seek to recover certain costs in total or in part: occasionally there is not even such an understanding and the caterer is obliged to perform his duties without any real guidelines or objectives," he says.

Managers should adopt a stronger commercial approach and a clear catering policy, he adds.

The Industrial Catering Association's survey published earlier this year found that nearly two-thirds of the companies responding reported that their employees spent between 30p and 60p a day, most of it on lunch.

Employers providing breakfasts find that they are not well-patronised, while industry-wide union negotiations have reduced the importance of the tea break. This diminishing demand for meals other than lunch (and for shiftworkers' dinner) has been exacerbated by the advance of the vending machine.

The element of subsidy in canteen meals varies widely and there is some evidence that employers subsidise meals more than they realise—in sharp contrast to the U.S. where industrial catering is viewed as a purely commercial operation.

The Industrial Society suggests that in 1980 companies subsidised food and beverage sales by at least £15 for every £100 spent by employees and that it cost £92 in labour to produce £100 of income.

The study concluded that in 1980 the annual subsidy was £72 a year for every employee, a rise of 53 per cent in two years.

But when free accommodation and energy costs are taken into account the subsidy rises. Industrial catering is still seen as one of the main employees' "perks" and even in the current recession many employers aim to recover only the food-purchasing costs from their workers.

When an industrial canteen is provided the take-up rate is high. On average, half the workers in large companies take advantage of meals at work, while the Industrial Society survey suggests that elsewhere the take-up figure is falling.

National averages in catering are misleading. In some areas such as the North East and South Wales people traditionally go home for lunch, and that affects the overall picture.

Even so, industrial caterers are worried about those who stay away, and efforts are made to entice them to eat at work by serving special meals such as curries or fast foods such as hamburgers.

The British, in spite of Continental package holidays, remain a conservative race in their eating habits. Meat and two vegetables (average price 43½p) still remains the most popular meal. But the contract caterers, perhaps the surest guides to changing tastes, have noticed an increased interest in salad bars and have developed exotic foods for menus.

Companies such as Ford have been particularly enterprising here and catering managers are increasingly aware of the needs of their different customer groups, whether they want kosher, soul food, curries, West Indian or West African dishes.

There are also plans to change over to such fast food favourites as hamburgers.

There has also been a shift towards the single-status dining area, with catering contractors using such terms as staff restaurant or cafeteria instead of canteen. Divisions in catering areas within companies are strongest in the South of England, where the traditional defence of the managerial dining room is the need to offer hospitality to important visitors.

Single status dining areas are most common in Scotland while the long-term trend is towards this more egalitarian arrangement.

Industrial catering contractors are the main defenders of the industrial or employee meals approach. They take an optimistic view in sharp contrast to the public caterers, who until recently looked down on industrial catering as a trifle vulgar.

The largest industrial catering company is Gardner Merchant, a Trust Houses Forte subsidiary. It now holds 2,035 contracts in the UK, employs 20,000 people. It is particularly proud of its "open book" costing system. Customers have a choice. They pay a flat fee covering all costs, producing a profit for the caterer, and leaving the client with all the discounts. Alternatively, the caterer receives a lower fee and retains a proportion of the discount.

Mr Rod Simpson, the financial director of Gardner Merchant, says the company regards industrial catering as a management service and not an extension of the restaurant business. Customers are given weekly and monthly accounts.

Gardner Merchant's main competitors are Bateman and Midland Catering, both part of Grand Metropolitan, which amalgamate on September 28 to form Grandmet Catering Services.

The new company will employ 16,000 in 1,540 units, including Whitbread, Toshiba and British Rail, as well as providing "in-house" catering for the rest of the Grand Met empire.

Bateman and Midland have competed strongly in the past and the aim of the merger, according to Mr Dick Turpin, managing director of the new company, is to streamline operations, respond more effectively to customers' wishes, and expand.

While Grand Met catering, like the other contractors, loses accounts each year it finds that still more are won.

The third and much smaller company in the big league is Sutcliffe Catering, part of the City Properties group. Gardner Merchant has about 35 per cent of the total contract catering market, Grand Met 23 per cent, and Sutcliffe some 12 per cent.

The industrial catering contractors believe that the demand for higher quality food and the difficulty that self-catering organisations have in retaining ambitious canteen staff will lead to an increase in their share of the total market.

In four or five years, executives believe, industrial catering contractors will have 60 per cent of the total market against about 40 per cent at present. Their target is the 80 to 90 per cent coverage achieved by their counterparts in the U.S.

Flexible alternative to egg, beans & chips

Vending—food

DAVID CHURCHILL

COOKED FOOD or snacks from coin-operated machines is the area of vending that probably has most to offer cost-conscious employers.

The need to provide cheaper alternatives to conventional canteen meals has renewed interest in providing machine-vended hot-meals and snacks.

"Vending is responding to the economic pressure on manual catering systems and the trend towards snacks by offering a vending service of top-quality snacks and snack meals," says Brian Cleverdon, product manager of Vendepac.

"Machines are available which can provide a wide selection to the customer and are capable of vending plated meals. Food can be enjoyed hot after re-heating in a micro-wave oven."

Most of the major machine vending companies are predicting similar growth for the vended food sector of the market. A hot lamb and vegetable casserole or a beef curry served on a plastic plate, from a tin dispensed by a vending machine may not be every employee's idea of a favourite lunch, but soon it may be his only choice.

In the past, food vending has not had a good reputation. The unreliability of early machines was made worse by unscrupulous operators trying to make easy money without providing the essential back-up service.

The economics of vending machines tended to compare unfavourably with existing canteen facilities, where all the capital costs had already been incurred. But rising raw material, energy, and labour costs have made vending more competitive.

Hot-meal machines also take vending into convenience food catering. Meals are often pre-cooked, frozen for transfer, and then kept in refrigerated vending machines.

From there they can be removed and heated rapidly in an adjacent microwave oven. (Roboserve claims that its hot-meals vending system is the only one that serves the food on a china plate.)

One of the key advantages of such systems is that the number of kitchen staff can be reduced substantially since food can be prepared throughout a full working day instead of having to be done in a few hours.

Food stored on plates in refrigerated cabinets can also be made available to the night-shift in a factory which runs only a nominal staff canteen; and because convenience foods are normally served in this type of catering less preparation is required and less space needed for storage and equipment.

Refrigerated vending machines and micro-wave ovens can also be located at several points within large factories and supplied from a central kitchen. Many different dishes can be kept in this type of machine and each one can be large enough to cater for more than 100 people.

The automatic vending machines which can produce hot meals in sealed cans are generally believed to be more readily suited to the small company with fewer than 120 employees, where it may not be economical to set up a conventional canteen.

The new food vending machines have a flexibility of operation which allows them to be adjusted to a particular location. Where a group of workers can be easily identified as a unit within a factory, a machine can be installed to meet their needs.

Although the new machines are not designed to take over from the canteen, serving perhaps 2,000 meals in 90 minutes, they come into their own in the small factory which would find it impracticable and uneconomic to set up a canteen but still wants to feed its workers.

The equipment will be determined mainly by the choice of dishes required and the frequency of use. Machines are more suitable for staggered meal breaks than concentrated use.

It is estimated that only about a third of a typical workforce would want to use the machine, so installation costs have to be worked out accordingly.

For a workforce of 100 a machine designed to serve just over 30 is thought to be adequate. It would cost, according to some estimates, between £6,000 and £7,000 to install. Although capable of feeding more it would require meal-break staggering, and wider choice would mean higher costs.

Thus the viability of vending systems must always be measured against costs. Union representatives should also be consulted before their members lose their favourite eggs, sausages, beans and chips.

Food vending offers substantial advantages for other catering needs, besides offices and factories. Hotels are a prime area for growth. Don Clarke of Roboserve believes that "the future in the hotel industry will be food vendors in the kitchen, filled by the chef, to provide an instant room service once the kitchens are closed.

"Snacks, beverages, spirits, and beer can be machine vended in hotel corridors, mini-bars can operate in bedrooms with films shown on the television set from vended videos," he adds.

Mr Cleverdon of Vendepac says: "Vending is proving the answer in more new types of outlet. "With the increase in free time, places of leisure of all types can benefit from a vending service — swimming pools, sports centres, and amusement arcades."

He also points out that "institutions such as schools, colleges and hospitals are likely to become even more important markets for vending."

Food vending, especially for hot meals, might not offer such immediate growth prospects as other forms of vending (such as in-cup beverages) but the potential exists for a far greater penetration of various markets.

In the U.S., not surprisingly, food vending is far more advanced than in Britain. The technology exists if the marketing economics can be made to convert the potential into solid growth.

Companies wage fierce marketing war

Vending—drinks

DAVID CHURCHILL

THE BATTLE for the beverage market is one of the outstanding features of the recession-hit vending industry.

Two of the leading companies in the field, Maxpax and Klix, have for the past few months been waging an intensive war for a share of the expanding "in-cup" market, where the ingredients for tea, coffee, soup or some other drink are already in the cup when the water is added.

Their marketing campaigns have included television commercials, during peak viewing hours, aimed at informing the decision-makers who watch "News at Ten" of the developments in beverage vending.

Using television to sell vending machines would have been unthinkable only a few years ago. But the pressures of competition have forced companies to expand their advertising media to maintain growth.

Growth in beverage vending is mainly in the new "in-cup" systems which now account for just under a third of all vended drinks, although the industry expects to reach 50 per cent of sales soon.

Traditional drink vending systems have the ingredients mixed before being poured into the cup. The advantages of in-cup systems are that they are claimed to provide a higher standard of flavour and consistency—as well as enabling the vending company to sell on brand loyalty.

Modern vending in Britain has for many years been largely associated with beverage sales through machines. Market research by Mintel has shown that six out of 10 users of vending machines cite hot drinks as their most frequently bought product. This was more than a third more than those who cited cigarette machines.

Although beverage machines only account for about 150,000 out of the total 2.7m vending machines of all types in Britain, hot and cold drinks dispensed through machines account for almost a third by value of all machine sales.

Hot drink sales account for four times the value of cold drink sales in Britain—almost the exact reverse of the position in the U.S.

The most popular vended drink in Britain is coffee, followed by tea, cold drinks, chocolate, and other liquids including soup. But when drinks are dispensed manually—from the traditional tea trolley—it is tea that is most preferred.

This suggests that users still have doubts about the quality of the product which has been a perennial problem ever since drinks machines began appearing in offices and factories in the 1950s and 1960s.

People tend to have fond memories of the tea-trolley although, as Mr C. Garner, marketing manager of GKN Sankey's vending operations, points out: "The average trolley service offered, at best, 'white' tea or coffee which became progressively colder and more stewed during the tea lady's rounds."

Staff in the National Westminster Bank tower block in the City of London, who were used to a trolley service, were also unhappy when they had to switch to vending machines. A trolly service was not practicable for various reasons, so the bank employees were finally persuaded to try coin-operated machines.

A total of 31 Roboserve superchoice drinks vending machines were installed for the 3,000 staff working in the 42-storey building. The Roboserve machine provides a selection of 33 different hot and cold drinks, and some 44,000 cups a month are now being vended.

Vending has provided a more cost-effective drinks service than the traditional tea-lady, but companies' policy of subsidising the machines has created the impression that vended drinks are cheap. People expect to pay only 5p to 10p for a vended cup of coffee but are willing to pay three times as much for an inferior coffee from a "manned" roadside snacks van.

"This attitude hits directly at profit margins at unsubsidised sites, not encouraging operators or management to use high-quality ingredients and thus reducing the quality of the end product," says Mr Garner. "Customers become even less willing to pay an economic price, which creates a vicious circle."

Mr Garner also points out that manufacturers of canned, bottled, or carton-packed items have not made a serious effort to sell their branded goods through vending machines in the UK. Of the 12,000 to 13,000 new drinks machines sited in Britain each year only about 150 vend cans or bottles.

Anyone who has ever used a drinks machine is aware of the frustration that can be caused by a faulty mechanism, both in the coin deposit and the mixture of tea or coffee with or without milk and sugar.

It is such problems that the vending machine manufacturers and operators have had to work hard to overcome, while at the same time attempting to meet rapidly-rising costs both of materials — especially instant coffee—and the labour for servicing the machines.

It is estimated that each employee wants at least two hot drinks a day, one in the morning and one in the afternoon, although this obviously varies with working conditions. An office or factory with 500 workers will therefore require two or four machines to serve them adequately.

A vending unit can be located in all types of environment—from factories and offices, to schools and sports clubs — the only basic requirement being piped water and electricity.

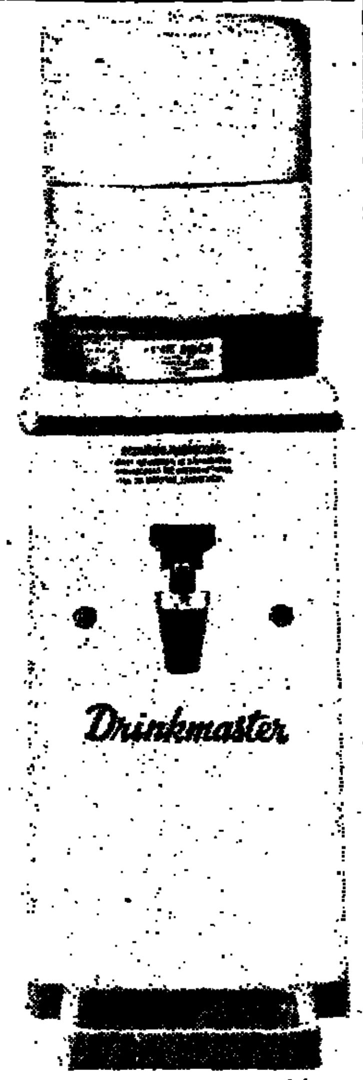
To gain the maximum advantage from a vending machine no employee should have to walk more than 30 yards from his desk or work bench. "The physical layout of the premises and the number of people employed in any one area must therefore be taken into account in determining the siting of machines," says the Automatic Vending Association of Britain, the industry's main trade association.

"The alternative of walking some distance to a refreshment point, with consequent additional time loss, might well determine the installation of a vending machine to serve 50 people or even less at any one point."

To meet different needs machines are made in different capacities and it is possible to choose a model to suit a particular need. This can be a simple dispenser of ingredients for 10 people employed in a small office, a table-top or wall-mounted machine for 30 people in a larger department, or free-standing machines of 200 to 1,000 cups capacity for the factory floor.

Machines require connection to 13A or 15A power point and to a mains water supply. In some circumstances they can be installed with header tanks to make them free of plumbing, as with dispenser models, but it is exceptional for larger models to be so installed.

Although the design and technology of modern drinks vending machines have improved out of all recognition over the past decade some of them still have their problems. This is probably why the Klix company has marketed a machine which plays a voice recording of such excuses as "Sorry, selection sold out. Please try another."



A drinks vending machine and an early forerunner (below). Britain's most popular vended drink today is coffee

'No limit' to products which can be sold

Vending—services

DAVID CHURCHILL

IT IS often forgotten that machine vending has been around for a long time.

Cast-iron "slot machines" vending chocolate and cigarettes on railway stations, Edwardian "What the Butler Saw" machines on seaside piers, and 1930s juke boxes are all examples of automatic vending—supplying a product or "service" in return for a coin inserted by the customer, with no other human intervention.

Excluding gas and electricity meters, there are about 2.7m coin-operated machines of all kinds in Britain. Amusement and gaming machines account for about 500,000; drinks machines 150,000, cigarettes 100,000, confectionery 100,000, and cold snacks about 50,000.

There are also about 100,000 machines selling aspirin, contraceptives and other products.

About 800,000 machines provide a service, such as launderettes, parking meters, and weighing machines, while the remaining 900,000 comprise stamp and ticket machines. Cigarette and other non-food machines account for about 60 per cent by value of all vending machine sales.

The use of machines in non-catering vending has had a long and chequered history. The railways were early users of automatic vending systems — the sale of platform tickets or tickets on the London Underground as well as for cigarette and chocolate machines on platforms.

With the staffing problems faced by many concessionaires on railway property—which has forced the closure of many sales kiosks—the vending machine has provided a solution.

Cigarettes are clearly the most important articles of non-catering vending. Sales of cigarettes through machines in pubs and other public sales are now well over £120m, about a quarter of all machine sales.

Frequent price or tax changes—prices have gone up five times already this year—have meant that operators have insisted on more flexible vending systems to take a variety of coins.

Dealing with price changes has also been helped by technological developments such as more sensitive electronic controls.

Despite the problems of dealing with cigarette price changes, most pubs or restaurants prefer to instal vending machines because of their increased security.

The market for coin-operated amusement machines has been one of the fastest growing in recent years, largely due to the boom in video games. The amusement-with-prizes machines and jackpot machines (found only in licensed premises and casinos) have shown little growth.

Besides cigarettes, sweets, potato crisps and amusements, there seems to be no limit to the range and diversity of products that can be sold through a vending machine.

Where such machines are installed in hotel foyers they are usually programmed to accept a wide range of coins so that staff time is not taken up in supplying change.

Prices are often slightly higher than in shops because of the need to round up in price (manufacturers are never likely to round down) as well as operators deciding that a captive market (when normal shops are shut) is willing to pay more to meet the cost of operation.

Magazines and flowers are among the many other items now on sale in vending machines.

The prospects for such machines must be strengthened by the fact that rising labour costs make machines still more cost-effective.

More and more employees, especially in hotels and catering, are unwilling to work unsocial hours—in spite of the recession—unless the wages are high. Hotels are therefore increasingly reluctant to continue to provide "manned" services to their customers.

A vended service in hotels that is becoming increasingly popular is shoe-cleaning. This is now being marketed on a number of selling points, including the rather negative factor that if a hotel guest has a cleaning machine available there is unlikely to be as much soiling of towels.

According to market research, people are willing to spend less than a minute shoe cleaning, so the machines are intended to provide the best possible cleaning in the shortest possible time.

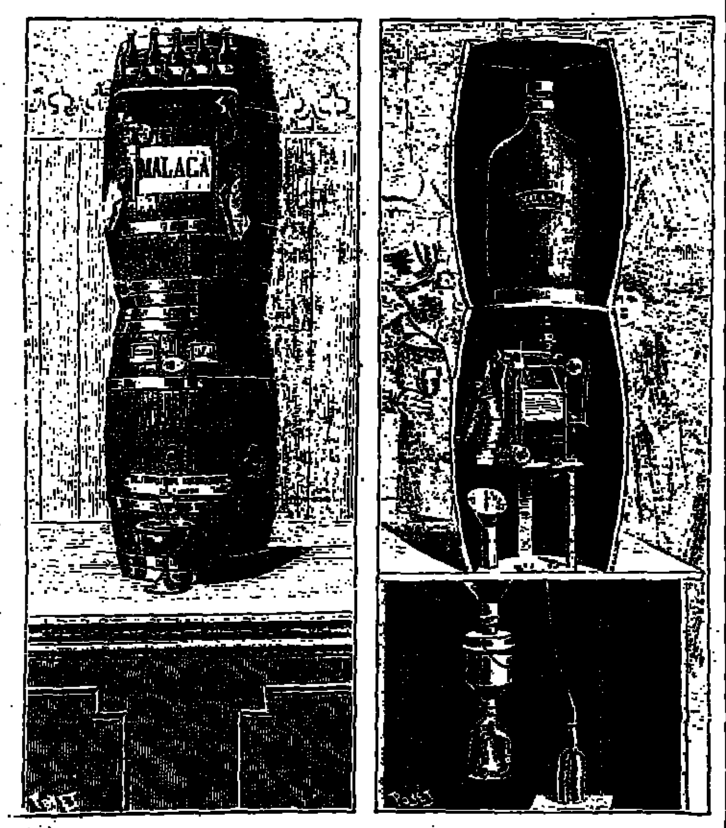
The increasing number of tourists at main-line stations and airports has forced manufacturers to take a new look at machine design. The essentials are simplicity of operation coupled with the ability to vend products of all shapes and sizes over a wide range of prices.

In the early 1960s the vending revolution that seemed imminent looked likely to take place in retailing, where the machines would provide the ultimate in self-service. A fully-automated shop selling a variety of groceries had already become a reality and it seemed that nothing would stop the vending machines spread.

But as it turned out the vending revolution came about mainly in the field of hot drinks and hot meals for employees rather than in the retail trades.

New electronic developments now give the vending industry a new potential, says Mr Don Clarke, marketing manager of Roboserve. "The majority of consumer necessities that can be marketed can now be vended," he claims.

He also points to the risk of vandalism. "As new and more advanced machines are continually being manufactured the completely sealed unit will come which will withstand vandalism," he says.



Nineteenth century drinks vending machine. The railways were early users of the vending system, to sell platform tickets and other items

ESTIMATED NUMBERS OF DIFFERENT TYPES OF VENDING MACHINES

Amusement and gaming	500,000
Hot or cold drinks	150,000
Cigarettes	100,000
Confectionery	100,000
Snacks etc	50,000
Other merchandise (eg aspirin, tissues, contraceptives, paperbacks)	100,000
Services (eg parking meters, launderettes, weighing machines)	800,000
Other (including stamps and ticket machines)	900,000
	2,700,000

Source: Mintel estimates

Early drinking from Treviso

WINE

BY EDMUND PENNING-ROWSELL

VINOUSLY THE Veneto is broadly thought of as one *region*, and almost inevitably its best known wines, the Veronese Valpolicella, Bardolino and Soave spring to mind; for they are among the comparatively few Italians with an international reputation.

However, within the country itself, the wines of the province of Treviso, especially those of the hilly Marca Trevigiano, are well regarded. Moreover, the province includes the famous wine school of *Conegliano*, founded more than a century ago, and producing many of the well-qualified oenologists who in the past 15 years have helped to transform Italian viticulture and winemaking.

Most of the wine is produced by the tank *(cuve-close)* method, although some is made by the bottle-fermentation *(methode-champernoise)*. Some also is only slightly sparkling *(frizzante)*.

The champagne-method sparklers are made from the Pinot Bianco, but the rest from the Prosecco grape, which is claimed to be unsuitable for the long-drawn out bottle-fermented style, as it is a wine to be drunk very young. *Certainly I found it clean. fresh* and usually without the yeasty flavour that *cuve-close* wines often have.

There is nothing like the character and flavour of champagne, but then at around £1 a bottle on the spot one is not entitled to be too critical: and the champagne method wine is no more than £2, or less ex-cellars.

The top quality of the *spumante* is known as Superiore di Cartizze and has to be slightly more alcoholic than the ordinary. Out of about 85,000 hectolitres (hl) produced, only about 6,000 hl carries this superior appellation on the label.

Among the still wines, those of Treviso are more similar to those of Friuli-Venezis-Giulia than to those of the rest of the Veneto. The setting of the vineyards is comparable, on dead-flat plains from north of Venice to the Alpine foothills that rise abruptly in the Conegliano-Valdobiadene district and on whose often very steep terraces the Prosecco grapes are grown.

The still Prosecco is an attractively crisp dry wine, without a lot of flavour but fresh. *Along with the Tocai and* Pinot Grigio, to my mind it is often superior to the commonly over-rated Soave, even if that is the U.S.'s favourite Italian white.

On the plains much the same kinds of wine are produced as in Friuli: Merlot, Cabernet, Tocai, Verduzzo and the two Pinots, Grigio and Bianco, which curiously enough are not yet DOC wines here, though this is *expected to be authorised* shortly.

The Piave valley soil is very fertile, and, I was told, yields per hectare (ha) can rise to 200 or 300 hl, though this will only be graded as *vino da tavola*, compared with 80 hl for DOC wines.

Almost all Treviso wines are for early drinking, including the Merlots and Cabernets, which in Bordeaux we think of as producing wines that need maturing, but the Treviso producers will be selling when a couple of years old. Also there are "riservas." whether or not authorised under DOC regulations, and kept in impressively large oak casks for two or three years.

The province of Treviso, which produces nearly 3m hl of wine, is great co-operative *(cantina sociale)* country, and their 14,600 members in 24 centres produce a good deal more than half this quantity. Thanks to the official support and favourable loan terms that they receive, most are very up-to-date in their equipment and produce good standard wines at modest prices.

There are some big private firms too, including Deroa and *the Tenuta S. Anna*, right near the southern limit of the province, and adjoining the Venice-Trieste autostrada. Here is probably Trieste's best DOC, situated around the village of Pramaggiore and covering the 1,400 ha of 600 small growers. The S Anna estate at Loncon includes no less than 250 ha of Tocai di Lison, Merlot and Cabernet.

I found the Tocai slightly sweeter and less crisp than the Friuli types, but the two red wines have a special reputation, and the '79s, after one year in wood, were agreeably round, though the Cabernet is likely to turn out the better, as the '67 riserva showed. They also produce other non-DOC of the region, and these all sell ex-cellars around only 1.500 lira a bottle; well worth importing here.

However, in the province is also produced one of Italy's most-esteemed red wines: Venegazzu. The curious name of this private-estate wine is that of the adjoining village, about 15 miles to the south-west of Conegliano

Like a number of the most-considered Italian red wines, this is not a DOC *but* no more than a *vino da tavola*. Others of this apparently lowly rank include Antinori's Tuscan Tignanello, Letrari's Trentino Maso Lodron and the Marchese Insisa's Sassicaia from near Leghorn.

The reason is that none conforms to the "discipline" of the local DOC, which usually means that the grapes included are not "in the book," such as Cabernet-Sauvignon, which the Italians must admit before long.

The Count Loredan estate of Venegazzu was sold eight years ago to Sig Palla, a Treviso textile manufacturer, who has invested a large amount of capital in new equipment, including 35 stainless steel fermenting vats, although the fine red wines are matured for three years in 62 large oak casks lining a fine old, above-ground stone warehouse.

Their champagne-method Loredon-Gasparini Brut '78, with an ex-cellars price of L4,900, I found a clean, fresh, dry wine; preferable to the much cheaper tank-method Prosecco and Pinot Brut, but there was nothing wrong with that, though the *Prosecco was slightly sweeter.*

However, it is the red Venegazzù Della Casa that is to be found in smart Italian restaurants, and in the San Lorenzo restaurant, Beauchamp Place, SW3, I found the 1976, a big-coloured, very well-rounded but still young wine of character, with more than an echo of a big red Bordeaux, perhaps a St Emilian. The director, Sig. Cesara Curtolo, agreed that it would improve for another four or five years.

It can be found here in the better shops of Victoria Wine at £3.79, and, oddly enough, in two chainstores, Bottoms-Up of Old Brompton Road, SW, Sunningdale, Cardiff and elsewhere.

Regal chance for King's Ride

RACING

BY DOMINIC WIGAN

IT IS PRECISELY 18 months since King's Ride, trained by W. Wightman at Upham, near Winchester, landed the William Hill Lincoln Handicap at Doncaster, and, later in the season, collected two more handicaps at Haydock and Kempton.

So far this season, King's Ride has drawn blank, although he came close to beating Morality Stone in the Summer Cup at Newbury in June when attempting to concede Philip Mitchell's useful colt 9 lbs. A pre-requisite for King's Ride's success is yielding ground, and that he will get this afternoon at Lingfield in the Upham Stakes (3.30) named after the village where he is housed.

In fact, provided he is reasonably fit—and I have no doubt that his trainer has him in good fettle—he must have an outstanding chance.

Judge on their running at Newbury on August 15, Triple Axel (sic) has no chance of defeating Busaco in the Burr Stakes (3.00), for Triple Axel finished a long way behind Hern's colt that day.

But that was Triple Axel's first race and he ran well from an unfavourable draw. And just over a fortnight later he fulfilled the promise shown on that occasion, when, following a bad run down the hill at Epsom, he got up to defeat the useful Fol Hardi, by a neck.

I take him to reverse the form with Busaco this afternoon and also to get the better of Voyant, a promising colt from Bruce Hobb's Newmarket stable.

Fulke Johnson Houghton, who has, judged by his standards, had a disappointing season so far, looks like saddling the winner of the Surrey Maiden Fillies' Stakes (2.30) with Falaka,

Banoco can carry a 5 lb penalty to success in the Kent Handicap (4.00).

LINGFIELD

2.30—Falaka*
3.00—Triple Axel**
3.30—King's Ride***
4.00—Banoco
4.30—Best Bold

LEICESTER

2.45—Fine Honey
4.15—Habitor

TELEVISION

Chris Dunkley: Tonight's Choice

This evening's three most enticing programmes all clash. BBC2's *Six More English Towns* features Berwick-upon-Tweed described by Alec Clifton-Taylor, one of the small but invaluable handful of academic enthusiasts including *Mortimer Wheeler*, Kenneth Clark, Jacob Brononski, and W. G. Hoskins who have so enriched English television by communicating their understanding and affection for some particular part of our heritage.

The passion that Clifton-Taylor feels not only for grand buildings with double tiered hammer-beam roofs (or whatever) but for modest knapped flint and even plain red brick emerges as poetry. The man is never boring and although Berwick's decline as a port throughout the 19th century resulted in many derelict buildings, I have no doubt he will reveal entirely unexpected architectural riches in England's most northerly town.

The trouble is that his programme starts simultaneously with *Good Old Greyfriars* on Radio 4, Norman Longmate's combined portrait of Charles Hamilton (alias Frank Richards, creator of Greyfriars) and some of Richards' famous characters: Bunter, Bob Cherry, Harry Wharton et al. Worse, the stereo relay of the Scottish Opera's new arrangement of *The Beggar's Opera* direct from London's Dominion Theatre starts just five minutes earlier on Radio 3. It could be that by spoiling us for choice the BBC will drive us over to ITV and a long lazy wallow starting with *Morecombe And Wise* going on to the beautifully filmed *Flame Trees Of Thika* and then staying for *Frankie Howerd Strikes Again.*

BBC 1

9.35 For Schools, Colleges. 12.30 pm News After Noon. 12.57 Regional News for England (except London) London and SE only: Financial Report, News Headlines. 1.00 Pebble Mill at One. 1.45 Heads and Tails. 2.00 You and Me. 2.14-3.00 For Schools, Colleges. 3.25 O dro I dro. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 All New Popeye Show. 4.35 Play Away. 5.00 John Craven's Newsround. 5.10 Screen Test. 5.35 Willo the Wisp.

5.40 News.
6.00 Nationwide (London and South East only).
6.25 Nationwide.
6.50 Angels.
7.15 Wildlife on One.
7.40 The Rockford Files.
8.30 Only Fools and Horses . . .
9.00 News.
9.25 Angela Rippon Meets the People Who Care.
10.15 Hanging By a Thread.
11.50-11.55 News Headlines.

BBC 1 VARIATIONS: Cymru/Wales—9.10-9.30 am I Ysgolion: Daearyddiaeth. 12.57-1.00 pm News of Wales. 5.10-5.40 Bobol Bach. 6.00-6.25 Wales Today. 6.50 Heddiw. 7.15 Angels. 7.40-8.30 The Educated Trout. 11.50 News Headlines, News and Weather

Scotland—11.17-11.37 am For Schools. 12.55-1.00 pm The Scottish News. 6.00-6.25 Reporting Scotland. 11.50 News Headlines, News and Weather for

Northern Ireland—10.38-10.58 am For Schools (Ulster in Focus). 12.57-1.00 pm Northern Ireland News. 3.53-3.55 Northern Ireland News. 6.00-6.25 Scene Around Six. 11.50 News Headlines, News and Weather

England—6.00-6.25 pm Regional news

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Macleod's Russia.
7.20 News Summary.
7.25 My Music.
7.50 Six More English Towns.
8.30 Burt Lancaster in "Trapeze."
10.15 Darts.
10.45 Newsnight.
11.30 Darts.

LONDON

9.35 am Schools Programmes. 12.00 am Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Armchair Thriller. 2.00 Heartland. 3.00 Once in a Lifetime. 3.45 Cabbages and Kings. 4.15 Sylvester. 4.20 Get It Together. 4.45 The Extraordinary People Show. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.35 Crossroads.
7.00 Give Us A Clue.
7.30 Keep It In the Family.
8.00 The Morecambe and Wise Show.
8.30 The Flame Trees of Thika.
9.30 Frankie Howerd Strikes Again.
10.00 News at Ten.
10.30 Tiny Revolutions.
12.00 Barney Miller.
12.25 am Close: Sit up and Listen with Trevor Brooking.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Today. 1.20 Anglia News. 6.00 About Anglia. 12.00 Wheels. 12.30 am Anglia Late News. 12.35 Themes.

ATV

12.30 pm Gardening Today. 1.20 ATV News. 5.15 Give Us a Clue. 6.00 ATV News. 6.05 Crossroads. 6.30 ATV Today. 7.00 Emmerdale Farm. 12.00 ATV News.

BORDER

1.20 pm Border News. 5.15 Bless Me, Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.00 Border News Summary.

CHANNEL

12.30 pm Gardening Today. 1.20 Channel Lunchtime News, What's On Where and Weather. 6.00 Channel Report. 10.28 Channel Late News. 12.00 Wheels. 12.30 am Commentaires et Prévisions Météorologiques.

GRAMPIAN

12.30 pm Gardening Today. 1.20 North News. 6.00 North Tonight. 12.00 Wheels. 12.30 am North Headlines.

GRANADA

1.20 pm Granada Reports. 3.45 The Spinners . . . and History. 5.15 Diff'rent Strokes. 6.00 Granada Reports. 6.25 This Is Your Right. 7.00 Emmerdale Farm. 12.00 Wheels.

HTV

12.30 pm Gardening Today. 1.20 HTV News. 5.15 Porky Pig. 5.20 Crossroads. 6.00 Report West. 6.30 Diff'rent Strokes. 7.00 Emmerdale Farm. 10.28 HTV News. 12.00 Wheels.

HTV Cymru/Wales—As HTV West except—9.35-9.50 am Am Gymru. 10.15-10.30 Y Byd A'i Bethau. 11.39-11.54 About Wales. 12.00-12.10 pm Cwadi Cwac A'i Ffrindiau. 4.15-4.45 Camigam. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.30 Ffilmiau Teledu. 11.35-12.05 am Jonathan Dimbleby: In Evidence.

SCOTTISH

12.30 pm Gardening Today. 5.15 Traveller's Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Job Spot. 6.30 What's Your Problem? 7.00 Bless Me, Father. 11.00 Wheels. 12.00 Late Call.

SOUTHERN

1.20 pm Southern News. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 7.00 Emmerdale Farm.

TYNE TEES

9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 5.15 Bless Me, Father. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 12.00 Whistle. 12.30 am Wise Sort of People?

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 6.30 Bygones. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 12.30 Gardening Today. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.32 Westward Late News. 12.00 Wheels. 12.30 am Faith for Life. 12.35 West Country Weather and Shipping Forecast.

YORKSHIRE

12.30 pm Cabbages and Kings. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Bless Me, Father. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 12.00 Wheels.

RADIO

RADIO 1

(S) Stereophonic broadcast
‡ Medium Wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Steve Wright. 4.30 Peter Powell. 7.00 Susie Barnes. 8.00 Richard Skinner. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 John Dunn (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 David Symonds with Much More Music (S). 8.00 Moments Musical (S). 9.00 Marching and Waltzing (S). 9.55 Sports Desk. 10.00 The Arthur Askey Show. 11.00 Peter Clayton with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Brahms (S). 10.00 Northern Sinfonia Orchestra (S). 11.00 French Chansons of the 16th Century (S). 11.30 Horn Trios (S). 12.15 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Midday Concert, part 2 (S). 2.15 French Cello Sonatas (S). 3.15 Semi-final recital by the second prizewinner in this year's Leeds International Piano Competition (S). 4.25 Jazz Today (S). 4.55 News. 5.00 *Mainly for Pleasure* (S). 7.00 Lord Killanin; President of the International Olympic Committee from 1972 to 1980, in conversation with Michael Charlton. 7.45 "The Beggar's Opera," ballad opera in three acts (S); Scottish Opera's new production direct from the Dominion Theatre, Tottenham Court Road, London. Act 1. 8.25 Interval Reading. 8.35 "The Beggar's Opera," Act 2. 8.30 Words, Words, Words (S). 9.45 "The Beggar's Opera," Act 3 (S). 11.00 News. 11.05-11.15 Henryk Szeryng (S).

VHF Only: Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.45 Talking to Animals by *Barbara Woodhouse*. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Radio Active (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Lost Horizon (S). 4.00 Places I've Lived, People I've Known. 4.15 Proud to be Said. 4.45 Wodehouse: "The Luck of the Bodkins." 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News, including Financial Report. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. 7.50 Good Old Greyfriars. 8.35 Anthony Hopkins Talking About Music (S). 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight: News. 10.30 Joke by Joke . . . by *Private Eye* (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Haydn: Symphony No. 99 in E flat. 12.00 News.

TECHNOLOGY

EDITED BY ALAN CANE

Plastics in the saddle on the new bike

BY MICHAEL STRUTT

THE STIR caused by the announcement of Sweden's plastic bike, the Itera, earlier this month, could well send designers scurrying back to their *drawing boards.*

For most of the machine's main components—frame, *forks,* wheels, handlebars and carrier —*are made of composite,* the strong, light and non-rusting material *developed* by the aerospace industry.

It *has* the advantage that the frame, for example, is produced quickly as a one-piece injection-moulding where steel frames must be welded or brazed in jigs. And wheels are one-piece mouldings too, against the hand-building *necessary* for steel wheels.

The machine was conceived three years ago by Lars Samuelsson and Jan Olsson while they were both involved in development work at Volvo in Gothenburg and, significantly, it has *drawn on the* know-how of Volvo, SKF bearings, the plastics division of Bayer and other companies. *Engineering* resources have been provided by Hawtal Whiting, the Essex-based motor vehicle design company.

Investment

Costing more than £5m to develop the Itera was displayed this week *at* Interplast, the international plastics exhibition at the NEC. It *represents, says* the Itera company, "the biggest single investment ever made in such a complex product made of plastic and *intended* for the open market."

The one-size, unisex design goes into production at Wilhelmina, northern Sweden, early next year and will sell for about £100, with the first season's output of 15-25,000 machines already sold in Scandinavia; according to Mr Ingvar Javer, the company's technical director. It is not known yet when the first ones will reach the UK.

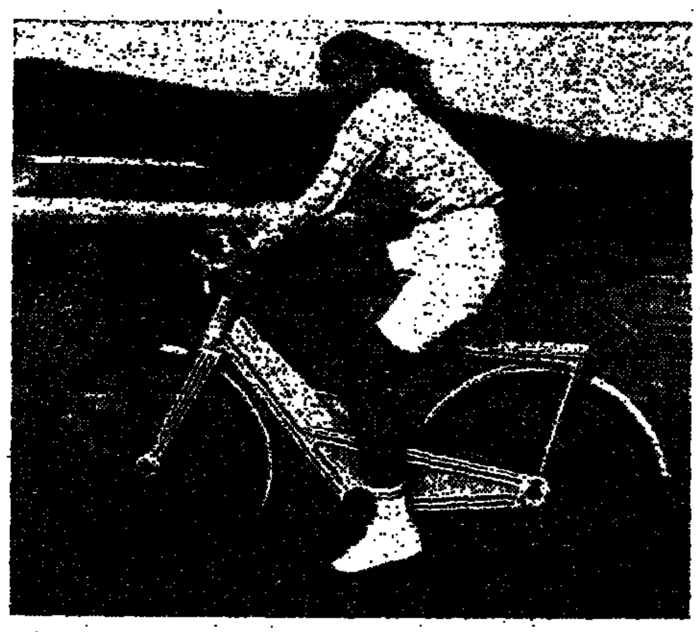
Complementary

Technically, it includes a number of innovations and components which *have* long been lacking on the standard bicycle, to which ill-fitting extras usually have to be bolted. These include a complementary range of panniers and luggage boxes, dynamo-driven rechargeable battery lighting, a *reel-back* rain cape, and puncture-resistant tyres. In the pipeline is a self-servo disc brake, plastic chain and automatic *gearing.*

Mr. *Javer says:* "As a small *development* company we are full of ideas. We have been *working* with enthusiastic consultants *all over* Europe. By coordinating them efficiently we have got quick results."

Though not the first plastic bike—the Dutch produced one a decade ago—it is certainly the first to be made almost entirely of the material. At about 13 kg (29 lb) the Itera is five or six pounds lighter *than the ordinary steel-frame* machine, though lightweight *steel bikes* go down to *23* lbs or less.

The surprise is that the Itera's designers have opted for a *fairly* conventional layout with standard size 27 in wheels instead of the smaller wheels.



With its distinctive wheels, the Itera bears a passing resemblance to the early 19th century Hobby Horse.

This is because of the 27 in *wheel's* lower rolling resistance, Mr Javer points out, though this contrasts with another radical approach: Alex Moulton's 16 in small wheel design of the 1960s which allowed a significant improvement in luggage *space at the* useful *cost of* needing suspension to soak up *the road bumps.*

This raises the whole question of the ways in which bicycle design could go given modern *materials* and tyre compounds, and the kind of development co-operation which Itera, to its credit, has brought together. Unlike the car and the aircraft, the bicycle has remained outside the mainstream of engineering *development for* too long.

The result of this is that design improvements have been piecemeal and often discovered, forgotten and rediscovered over the decades since the bike *achieved the standard diamond* shape in the 1880s.

Now bicycle frames have been built of all kinds of materials —including wood, aluminium, fibreglass and bamboo, and it is a sobering thought that one of the lightest and best-engineered machines ever produced was made in Gloucestershire at the turn of the century. Dursley Pedersens were built of triangulated thin steel tubes and weighed only about 20lbs or so, with some special ones weighing 16lbs or less. Fortunately, the design is now being built once more, from the original patent drawings, by a small group in Copenhagen.

Most ordinary machines today are nowhere near as pleasant to ride as those made of better materials costing, say £120 upwards and this is perhaps *the* cycle industry's best-kept secret in the general haste *to pare prices down to the* last penny at the commuter/shopping *end of the market.*

Enthusiasts

Yet it *is this general lack of* development—in contrast to the car *industry*—which has prompted a resurgence in bicycle design. In particular, the special machines raced by enthusiasts at the annual Human-powered Speed Championships, in California and at Brighton the other week, are helping to produce a climate of ideas which ultimately could improve the bike further as a means of transport.

Perhaps the biggest unsolved problem in cycle design is an improved gearing system. Itera for the time being is relying on the two common systems which are fitted to almost all bikes; the familiar hub gear and, for 10 and 12-speed machines, the derailleur.

Ankh of Gwynedd takes a step forward

THE production of aluminium extrusion billet by the semi-continuous cable casting process is not common in the UK— there are perhaps some 100 machines in use—but the technology has some way yet to go.

The most recent development comes from the curiously named Ankh Engineers of Anglesey, Gwynedd, Wales (it means life and generation in ancient Egyptian).

Ankh thinks its new machine will find acceptance with smaller plants who are unwilling to use costly and sophisticated technology, but want all its advantages.

Batches

In cable casting, molten aluminium is poured through a spout into a chilled mould from which it emerges as cast billet. *The end of the billet sits in a* stool resting on a flat table *which moves downwards under* motor control as casting takes place.

Billets up to four metres in length can typically be cast by this process in batches of up to 100 at a time.

The Ankh design uses two motors—one for the casting process and a second to raise the whole system back to the baseline for the next batch.

Mr Paul Ashford, managing director of Ankh, *says* the two motor design is an important *step forward in cable casting* technology as is a flywheel and brake which gives two minutes controlled casting if the electrical power fails.

The machine has encapsulated roller bearing wheels, infinitely variable casting speed over the range 6:1, digital read-out with full load and overload protection.

In the UK, each machine costs £26,000 ex-works together with a further £18,000 for a set of moulds and the costs of installation including the cooling water system.

Mr. Ashford expects most of his machines to go to Greece, South America and the U.S. Details on 0407 88 634.

Launch delay

NASA HAS *delayed the* launch of the UOSAT, Britain's first *educational satellite until* October 3. The reason is that after launch, when the two spacecraft have separated, NASA proposes to re-start the rocket engine and return it for a burn-up in the atmosphere.

If the rocket is left in orbit there is a danger that residual *fuel could explode and* pose a hazard for the forthcoming Shuttle *flight.*

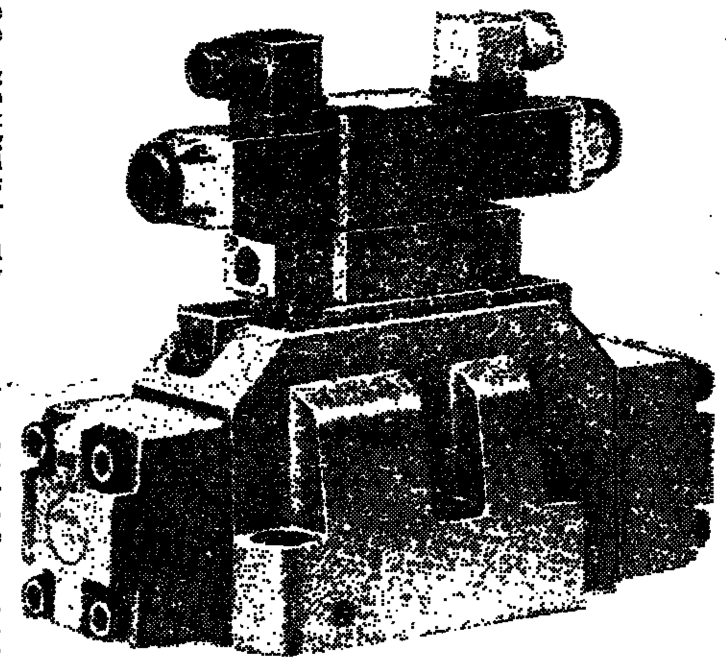
Details of the UOSAT were reported on this page on August 24 and September 10.

Linear electric actuator

DESIGNED PRIMARILY for operating the various flaps of a vehicle heating or air conditioning unit, a new linear electric actuator from the Vehicle Heater Company of Smiths Industries could also be used in applications outside the automotive industry.

No bigger than a gear-change knob, the unit consists of a *3 to 24 volt DC motor driving,* via a short gear train, a lead *screw that provides the linear* output.

Power consumption *is only* 2 to 5 watts, depending on the duty, and the maximum operating force is 67 newtons. The lead screw moves a distance of 10 mm in times ranging from 1.2 to 4.8 secs. More on 0993 2929.



Directional control valves

Directional control valves manufactured by Rexroth of St Neots have been extended in range to include a 25mm nominal bore version. Rexroth says it now has two valves which can be solenoid controlled with CETOP 8 interfaces. The new version offers flow rates up to 650 litres per minute. Rexroth is *on* 0480 76041

..POINTERS..

Sighted welding robot

KAWASAKI, the Japanese heavy industrial group, and *Unimation, the U.S. leader in* manufacturing robots, have developed jointly an arc welding robot with "sight."

Details are skimpy as yet, but a Kawasaki spokesman has been quoted as saying the robot *can pinpoint welding spots with* an "eye" utilising optical-fibre *technology.*

The new robot will be shown at an industrial robot exhibition to be held in Tokyo next month, and there are plans to sell it commercially next year.

Giving robots "sight" is a *major aim of robotics manufacturers,* and involves complex problems of interpretation.

Supplier's guide

THE LATEST edition of the *European Electronics Suppliers Guide* is now available, giving details of some 4,800 manufac*turers from 26 countries.*

The guide is published in English, German and French and includes names and addresses of manufacturing *firms, telephone and telex* numbers.

European factories and subsidiaries of American and Japanese firms are listed in a separate section.

The guide is priced £30, from Wedgwood and Company, London. 01-540 6224.

Braking system

LUCAS GIRLING *has* introduced a new anti-lock braking system for passenger cars to succeed its eight-year old "Skidchek" system.

The new "Skidchek GX" is said to be lighter and more cost effective.

Lucas Girling together with Mercedes Benz/Wabco and Dunlop are the leaders in anti-lock braking systems for cars and trucks.

Like most anti-lock systems, Lucas Girling uses an "exciter" attached to the hub of the wheel and a "sensor" attached to the back plate of the brake system. Movement of the exciter relative to the sensor produces an alternating voltage from which electronic circuitry can determine the speed and state of the wheel.

Microelectronics have been used to lighten and cheapen the new system. More on 021-554 5252.

Security

MASTIFF SECURITY SYSTEMS has developed a new, radio-based way of protecting computer terminals from unauthorised use.

According to Mr Frederick Walker of Mastiff, the new system takes the onus for security away from the operator.

No passwords or codes are needed. The operator simply wears a small radio transmitter which sends out a weak radio signal (A Home Office licence is required, Mr Walker says).

The signal bears a code which is received and recognised by equipment in the computer terminal. The transmitter could, of course, be worn by an *authorised user — just as a* codeword can be leaked — but the chief *objective* is to secure the terminal while the operator is away for brief periods.

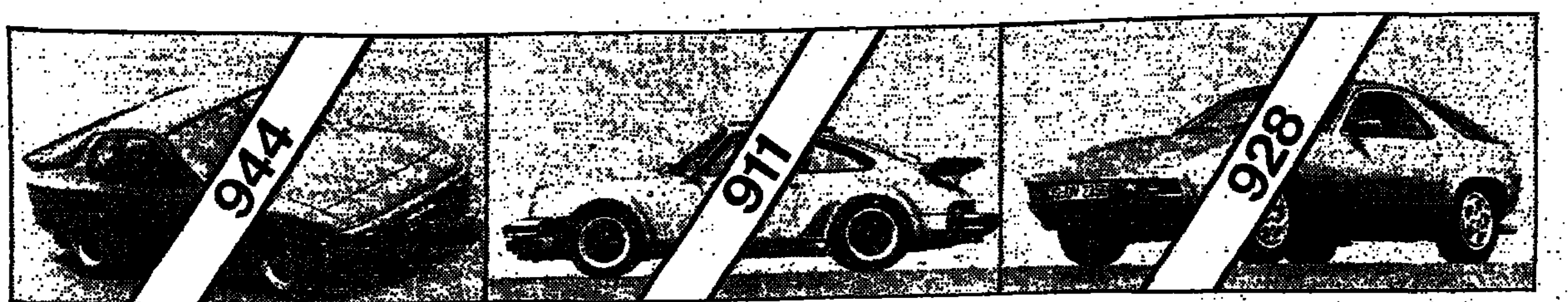
Costs according to system are about £200 a terminal. More on 01-684 1006.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Why R & D is Porsche's driving force

Selling technology is crucial to the West German car company's future. John Griffiths reports



EARLY NEXT year Porsche, the West German specialist car group, will start production of a new model. Called the 944, its bodyshell will be based on the existing 924 sports car, but instead of a Volkswagen/Audi engine it will be powered by Porsche's own new 2.5 litre engine, a switch which is of major significance to the company's future.

For it represents a reversal of the current motor industry trend towards components sharing. It represents, also, a partial answer to a persistent and intriguing question which has been repeatedly put to Peter Schutz, since he became chairman of Porsche's executive board in January.

That is: how can the Stuttgart-based company, this year celebrating its 50th anniversary, survive as an independent maker of specialised cars in small quantities at a time when much of the world's motor industry is forging a host of inter-company alliances in pursuit of maximum volumes and economies of scale?

The heart of the answer lies only partly in the cars themselves. Of equal importance is the technological and engineering strength of Porsche. Having evolved as a car company in 1948 from an engineering consultancy first established in 1931, Porsche is now looking anew at its roots and will be relying on its bedrock of technological expertise to strengthen its car business and provide growth in other areas.

Schutz himself starts his reply with history: "By any quantifiable measure known to me, the company has been very *well managed*. In ten years sales volume has gone up four times, despite all the complications of the oil crisis. Through all the bad times it has merged with some form of profit. A record like that can't be bad."

New-boy Schutz was making formal acknowledgment of the way his predecessor, Dr Ernst Fuhrmann, had steered Porsche from the executive chairman's (in UK terms, managing director's) seat for the previous eight years. Fuhrmann himself took over after Dr Ferry Porsche, son of the firm's founder, decided that Porsche's management was becoming too inbred and shifted all members of the Porsche and related Piech families out of day-to-day operations onto the holding board. At the same time, the company's status was changed to allow it to attract public funds—which are yet to be needed.

Furhmann's legacy was a company which, in the year to July 1980, sold 31,764 fast, expensive sports cars and made DM10m (£2.5m) after tax on a DM1.23bn (£307m) turnover.

The results were lacklustre but not unexpected at a time of weakening world markets and stiffening competition in the U.S., which takes nearly 40 per cent of output. In 1978-79 Porsche sold nearly 40,000 cars and turned over DM1.35bn (£34m) for a profit of DM22.5m (£5.6m). Last week turnover and sales for the current year to July were announced: 28,000 cars sold (a five year low) and gross revenue of DM1.18bn (£29.5m). No profit figure has been announced but is expected to be very close to DM10m again.

Prices held

That car sales could fall in volume by 29.3 per cent over two years yet turnover drop by only 12.5 per cent illustrates two things. One is the increasing contribution from the research centre at Weissach, near Stuttgart, one-third of the work of which is now for outside companies. The other is Porsche's ability to date to increase prices more quickly than most other cars, with the notable exception of the UK, where sterling's strength against the DM has allowed prices to be held for nearly two years—a situation that will continue.

Porsche expects profits to be back to DM 20m-plus and sales to 30,000-plus in 1982, as recession eases, but in a world growing obsessed with fuel economy a question mark hangs over the longer-term future.

"The world has changed even from five years ago," says Schutz, "and is changing still at an increasingly rapid pace. That could mean change, possibly on a large scale, at Porsche. Certainly everything we have done in the past is now up for review."

He identifies four strategies Porsche could pursue:

- Continue to increase prices to pay for the "dramatic escalation" in overheads due to technological improvements;
- Break out of its high price, low volume cocoon and go for higher *output*;
- Cut overheads more closely to match current output levels;
- Put even more stress on selling its technology to outsiders, thus subsidising its own car developments.

He has dismissed all but the last:

"Up to now we have managed to offset a lot of escalating costs simply by raising prices. But I feel that we have played that card as far as we can go—perhaps too far.

"Higher volumes we recognise as only partly viable. The type of car Porsche makes, and wants to make, will always be for a limited market. Cutting overheads we rejected out of hand—we're doing the opposite.

"Our strategy will therefore be to concentrate hard on selling our engineering services; but in a much more focussed way than in the past. Our strength has always been technology. That will continue. In everything we do Porsche has always been at the pinnacle of technology. The day that wavers, then you can start to question the company's long-term viability."

Porsche will not talk about its engineering customers because they often like to claim Porsche's work for their own.

But out of its first pre-war contracts to design and develop, among other cars, the Volkswagen Beetle, the work has broadened to include a wide array of activities from tractors to tanks. Porsche Design is even involved in watches and sunglasses. NATO's Leopard tank is a Porsche design. Harley Davidson of the U.S. is a customer for a new motor cycle engine and Lada of Russia for a front wheel drive car range to be launched in 1983 world-wide.

Currently its problem is that many more companies want to use its expertise than it can handle, which is why expansion has become so important.

Porsche is not alone in seeing technology "wholesaling" as a big revenue earner; Lotus, BMW, Aston Martin and other specialists have similar strategies (Lotus' deal with Toyota is as much R & D supply by Lotus as engine-buying from Toyota for its planned "cheap" sports car).

The director of the research centre, Dr Helmut Bott, says Porsche does not fear such competition; not just because of its already high status but because there should be more than enough work for all. Porsche's widely accepted belief is that volume car makers weighed down with production problems will rely increasingly on specialists for technology developments.

Peter Schutz: "Porsche's philosophy now is that whatever developments make our cars more desirable will be offered."

"We expect to have a great deal of competition," says Peter Schutz. "We have no thoughts of a monopoly and anyone who does is dreaming. Nor do we intend to restrict our help. If we don't work for someone, even the Japanese—someone else will. You simply don't succeed by trying to hold someone else back."

Porsche's prime raison d'etre will, however, remain its own cars. And Schutz says there is now "an increasing commitment to providing more precisely what the customer wants."

Risky

That, however, has turned out to be not quite what Porsche expected when in the early 1970s it was planning what was expected to succeed its rear-engine, air-cooled 911 Series.

The 924 series was a risky investment undertaken in 1974 when many thought sports cars had no future. It was originally a joint project with VW/Audi until Porsche bought it out—though an Audi engine is used and Porsche distributes through VW/Audi in the UK and France. The 924 was designed as a much cheaper car than the 911, to broaden Porsche's accessibility. It has been a success, accounting for 13,000 last year.

Like the most recent model, the expensive V8-engined 928, it is front-engined and water-cooled. It was planned to keep the 911 alive for as long as possible while expecting that 911 owners would adopt the 928; new buyers of the 924 might also eventually become 928 owners.

Investment in the Weissach research centre (above), 20 miles from Stuttgart, has averaged DM 15-20m a year since it opened in 1972. This year it is jumping to DM 80m, next year about DM 100m and the same in 1983. These figures—8-9 per cent of turnover—may yet be revised upwards.

Office space is being doubled, a new assembly hall built for Porsche's race cars, prototypes (its own and outsiders') and other projects—together with a new emissions centre and engine test facilities.

Existing facilities include foundries, mechanical and woodworking shops, plastics processing, electronic welding and heat treatment shops and a styling studio. Porsche can take a project from design stage to finished prototype. Its patents are too numerous to list, but include the ubiquitous baulk ring synchromesh gearbox.

The expansion planned will serve equally Porsche's own car development and outside customers. It employs 1,200 people, over half of them engineers. By 1985 it is planned to have 1,600, says Dr Helmut Bott, the centre's director.

Considerable stress is being placed on the cars' longevity—Porsche has carried out a government-backed study into a "lifetime" car capable of covering 300,000km. It concluded that such a car could be built for perhaps a fifth more than the cost of a conventional one and that manufacturers may eventually be required to build them.

However, last year the much-developed, but basically 17-year-old, 911 outsold the 928 by 10,214 to 4,201.

The 928 has not been a failure; rather what was perceived to be one market has emerged as two.

For Schutz himself, the move to Porsche was not too traumatic, despite never having worked for a car company. A former vice-president of Cummins Engine in the U.S., the Berlin-born American, now in his early 50s, returned to West Germany three years ago as manager of Koeckner Humboldt-Deutz's diesel and turbine division. "Not coming from a car company is not too bad a disadvantage," he suggests, "there are still the same basic management questions to be asked."

Not least of them is that, if Porsche is anxious to be seen at the cutting edge of technology in vehicles themselves, it—like the rest of the motor industry—must also face up to what new technologies should be introduced to its production facilities, with all the ramifications for employees.

Improving productivity without eroding that pride "will be very difficult," admits Schutz. "I just wish I felt as confident of seeing light at the end of the tunnel in employee terms as I do with technology."

Better legally safe than sorry

PARTNERS in new business enterprises should, at the outset, draw up agreements designed to minimise possible future discord. Such agreements, which should cover key *areas affecting ownership* and control, could prevent damage to a business and to the partners themselves.

This advice is published in the latest issue of Harvard Business Review and comes from three academics. John Hand, William Lloyd and Robert Rogow—all associate professors of finance at Auburn University in Alabama—say that in the euphoria of starting a new business or adding partners to an existing business, it is usually assumed that all the principals are working towards the same goal—success.

Not surprisingly, they say, much is frequently left unsaid about such issues as possible changes in employment and compensation, ownership proportions and other related matters.

It never occurs to the principals that they should agree on their respective duties, responsibilities and rights—and put it all in writing, they say.

Among the many areas that they believe should be subject to agreement are access to business information, the right to sell or mortgage a company's assets and the conditions under which a company should be dissolved and its net assets distributed.

Although the authors are writing primarily for a North American audience, their advice could equally apply to small businessmen in all countries.

They advise that such a formal agreement should contain clauses on employment and compensation, changes in ownership and ownership proportions, the relationship between principals and outside interests and amendments to the corporate charter or partnership agreement.

The authors note that disagreements over employment and compensation probably cause more disruption in small businesses than any other conflict. These are matters "in which an ounce of prevention is worth several tons of cure."

Equally, they add, changes in ownership or ownership proportions "can create havoc among principals if not carefully controlled."

The three authors, one of whom is a director of two small companies, conclude that the appropriate vehicle for preparing for difficulties is a written, binding agreement. They advise that investors should consult an appropriate lawyer when drawing up such a document.

Arnold Kransdorff

Festival Hall

Preservation Hall Jazz Band

by KEVIN HENRIQUES

Preservation Hall in St. Peter Street in the French Quarter of New Orleans is a small, shabby, deteriorating, uninviting building which, since 1961, has become the Crescent City's shrine for the music generally termed "traditional jazz." Every night in cramped, sweaty conditions worshipping devotees and curious tourists crowd in to listen to the predominantly veteran interpreters who are the last remaining direct link with the birth of the music in the early 1900s.

Here New Orleans jazz is played in what is considered to be the authentic way by the mostly local musicians, with no concessions to the commercialism adopted by numerous traddy-pop-jazz bands in Europe, especially Britain. The seven-man Preservation Hall Band heard in London on Friday in the midst of its short tour of England, played a programme not basically dissimilar from what one would hear at its headquarters (with the notable exception of the concert-closing, crowd-stirring "The Saints" for which a hefty fee is usually exacted from any misguided—or rich—requestee.

All but two of the band are native New Orleanians and, though to a non-initiate it may seem a cranky assertion, there is no doubt that there is something perceptibly but incontestably different and palpably more convincing in hearing "Bourbon Street Parade" played (as it was on Friday) by a band from New Orleans than from anywhere else.

The crucial difference is the feeling. This came through overwhelmingly on Friday. Though most of the tunes heard were familiar and much-played, this band imbues them with an unmistakable tinge and sound, immediately setting them apart from other versions.

A case in point was the utterly sublime "Just a closer walk with thee," played at an agonising, almost alarming, slow pace, taken to lofty heights by the soaring, warm Creole clarinet of Willie Humphrey (born 1900), so assured and fluent. The funereal marching pace was impeccably controlled and maintained on drums by Cie Frazier (born 1904), who changed the tempo gloriously for the journey from the graveyard, propelling the band happily home for the wake.

Clarinettist Humphrey, emotionally and technically adept, was by far the most impressive soloist, closely followed by left-handed banjoist Narvin Kimball (born 1909), whose surprising inventiveness on this much-maligned instrument was a lesson to all the dismal plunkers that abound.

The main disappointment was trumpeter Percy Humphrey (born 1905), who was an inadequate leader in ensembles, so vital in New Orleans jazz, and a hesitant soloist. Pianist "Sing" Miller (born 1913), at an upright, was another victim of this august hall's notorious campaign to sabotage all non-classical music concerts. It was hard to discern for much of the evening exactly what he was playing or singing. Admittedly he wasn't beneficially assisted by the overpowering, thudding blasts on sousaphone from Allan Jaffe (born 1935 in Pennsylvania), standing too close by.

Completing the line-up is trombonist Frank Demond (born 1933, in Los Angeles) who seems to have successfully assimilated the tailgate style but relies overmuch on glissandi in his solos.

But the entire band gets the toes tapping and, on Friday at least, the audience on its dancing feet. Terpsichoreans, along with worshippers, can catch up with the five veteran and two middle-aged musicians at Croydon tonight, St Albans tomorrow, and Reading on Thursday.

Shaw

Taming of the Shrew

by B. A. YOUNG

The National Youth Theatre has put on a whacking great season this year. Arts Council or no Arts Council, but the Shrew isn't one of their better jobs. There is some potentially attractive playing by Andrew Gallacher and Katy Behean as Petruchio and Kate, but they have to battle against an antagonistic production under Edward Wilson.

Mr Wilson has had the pleasant (and economical) notion of presenting the play as if by travelling players on a tiny fit-up stage, which comes on to the appropriate music from I Pagliacci. As he doesn't allow Christopher Sly to watch the performance, it's hard to see why he should retain the Induction at all, unless it's to give some extra work to young Brent Woodgate, who is clearly being groomed as a future star in two tiny roles, unless he is just grooming himself. John Halle has designed some pretty curtains that roll down to show the scenes in caricature form.

But the playing suggests that the production is meant not for a professional theatre but for a school end-of-term event or something. Mr. Gallacher and Miss Behean are permitted such excesses of spirit that sometimes their words are hard to understand. There are many sly glances towards the privates. Leon Tikly plays Biondello as a classic poof and will cause fury among the Gay Libs. The fact that the audience, mainly teenaged girls, giggled if he so much as walked on to the stage is no justification.

I quite liked the look of Gary Webster's Gremio and Peter Campling's Lucentio, but, on the whole, the girls have it over the boys. Katy Behean, given more directorial discipline, would make a charming Kate, dwindling as Millimant says, into a wife; and Helen White does well as her sister.

Arts Council aids purchase of Richard Church papers

The Arts Council has agreed to make a grant of £1,000 to the John Rylands University Library of Manchester towards the purchase of a collection of papers of the late Richard Church.

The Toilet of Venus by Velasquez — Leonard Burt

National Gallery

From El Greco to Goya

by ROY STRONG

It is all too easy to forget that Spanish painting is better represented in this country than in any other outside Spain. A measure of the success of the exhibition El Greco to Goya at the National Gallery is that the first and most abiding impression is one of quality. That was certainly not the effect left by the last exposure of Spanish art in London at the Royal Academy in 1976. That was a disappointment, exacerbated by the begrimed condition of the pictures and their depressing presentation. Here the reverse is true. It may, of course, be argued that to base the exhibition only on pictures drawn from British collections results in a distortion but this criticism is met head on by the eminently sensible ideological base that what we are seeing is Spanish art as seen through British eyes. This viewpoint animates the whole project which has been carried through by Allan Braham with exemplary thoroughness. The catalogue, pace the smudgy half-tones, is worth it alone for the long essay mapping, from the Tudor age to our own, British attitudes to both Spanish painting and painters.

This in itself is fascinating as Murillo's star ascends only to be dashed by Ruskin or El Greco moves to notice in the wake of Roger Fry's enthusiasm for Cézanne. Although knowledge of Spanish art and painters was not lacking by the British from the middle of the 18th century onwards, by which time examples of Murillo's work had reached these shores with unpleasant effects on the subject matter of both Gainsborough and Reynolds, it was not until the political upheavals of the Peninsula Wars and their aftermath that actual paintings in any considerable quantity arrived in England. Even then it would be fair to argue that it was the result of an idiosyncratic taste, such as that of Sir William Stirling Maxwell, rather than one with any popular roots. This surely is still true. The export of Velasquez's Juan de Pareja from this country in 1976 demonstrates that even in the age of the mass package tour to Spain the popularity of its art is still at a low ebb.

One's immediate reaction is that it is a large exhibition. This, in fact, is an optical illusion for it includes only 74 paintings but the designer has been rather clever with his screens which, although they do not obscure the architecture of the rooms, actually give one the idea that one is seeing more than one is. If I had a criticism, I honestly do not think that the few pieces of sculpture and furniture from the V and A add much other than a wave of the hand at the three dimensional. In previous exhibitions these objects seemed a natural extension of the pictures. In this case the sculpture, which is rather good, is reduced to the level of set dressing and the furniture looks not only awkward and unhappy but rather bad. Is Spanish furniture as inferior as it looks?

The pictures are virtually all in a cleaned state which makes an enormous difference to the overall impact. Some have been very recently restored indeed, notably the National Gallery's Goya portrait of Dona Isabel de Porcel, a ravishing portrayal of a luscious beauty painted with quick feathery strokes of the brush akin to Gainsborough, all pink flesh, pink silk and black lace. The dates of cleaning and restoration over the last decade or so of the majority of the others is given and Allan Brahm's choice must have been heavily conditioned by this aspect with a result that triumphantly replaces the impression of grime, decayed varnish and mouldering gloom of 1976 with a series of radiant canvases.

The exhibition opens with a bang, seven paintings by El Greco drawn from the National Gallery, the Bowes Museum, Upton House, Pollok House and two private collections which set the pace. It is at once electrifying. These can never have hung together before. There are old friends from the gallery's own collection, the Adoration of the Name of Jesus and Christ driving the Traders from the Temple, but there are others less familiar. I had not seen the Pollok House portrait of a man since it had been cleaned in 1970. It is now revealed as a striking object with its extraordinary arrangement of head on a platter of ruff and an extended be-ruffed hand below. Nearby two versions of an Allegorical Night Scene intrigue by the strangeness of their subject, a woman lighting a candle with a monkey peering over her shoulder. These are paintings of the 1570s and 1580s when England under Gloriana was moving towards the defeat of Spain in the great Armada of 1588. And this historical point is important, for all through the exhibition one is aware how knowledge was conditioned by political events from Isabella of Castile being Henry VIII's mother-in-law to Goya painting a triumphant Duke of Wellington.

There are indeed many ways of looking at this exhibition. One that gave me great pleasure was to reveal in some of the most miraculous examples of still life painting ever created. Often this means focusing down onto sections of pictures in which case start by strolling up and down the wall of "bodegones" by Velasquez, the Kitchen Scene with Christ in the House of Mary and Martha, An Old Woman cooking Eggs, Two young Men eating at a Humble Table and The Waterseller of Seville. Let the eye rest not on the figures but on the freize of humble objects below: ingredients — eggs, fish, cloves of garlic, a red pepper, an orange — and utensils — earthenware bowls and jugs, pewter plates, a glass, and a brass pestle and mortar. These are not the joyous celebrations of lush living and over-eating immortalised by the Netherlandish School. There is instead a puritanical, austere, almost sacramental quality invested in the rendering of the objects in which the recurring scrub wood table becomes a domestic altar. And always they are glimpsed in a cool gloom that heightens the tactile values of metal and pottery, the transparency of half-fried eggs or of water trickling down the side of a huge jug. Move on not only a room but a century and repeat the experience on a lower plane with the work of Luis Menendez whose approach to still-life is Velasquez tempered by Chardin. Crusty bread, soft pink strawberries, pock-marked apples, a melon, lemons, nuts and a piece of hard cheese glow as though lit from within. Round this off by moving to another wall and looking at the foreground of Goya's El Medico with its huge glowing charcoil brazier and piles of books.

I have never had a taste for Murillo and a solid wall dedicated to the Immaculate Conception brings to England the faith in its counter Reformation form that it defeated in 1588. It is to Velasquez that one keeps on returning, to our own two treasures of the portrait of Philip IV and the Rokeby Venus but in addition this time to what must be the greatest Spanish painting still in a private collection, the Duke of Westminster's Prince Baltasar Carlos, generally known as The Riding School. As usual Velasquez seems to follow and break all the rules simultaneously. It is the formal presentation of the heir to the Spanish throne as a hero in the making prancing on his horse, symbol of the passons to be subjected as a king rules over his people. To one side the Keeper of Arms hands a lance to the King's first minister, Count Olivares, epitomising hopes for the young prince as a focus of royalist chivalry. In the distance Philip IV and his Queen stand in tableau like ghosts on a balcony. And yet regal rhetoric fades from our minds as we seem instead to have been given by the painter a bravura snapshot, a vision of the past worthy of Miss Moberley, heightened by Velasquez's supreme economy of brushstrokes. The picture continues to haunt the memory.

'Christmas Carol' for Sadler's Wells

The Royal Opera House is to present the British première of the Scottish composer, Thea Musgrave's A Christmas Carol based on the story by Charles Dickens (with a libretto by the composer) at Sadler's Wells Theatre on Wednesday, December 16. Five further performances will be given on December 17 (matinee and evening), 18 and 19 (matinee and evening). Granada TV will then record the opera on December 21 for future transmission.

Wigmore Hall

Norma Burrowes

by RICHARD JOSEPH

The programme of Norma Burrowes's recital was a demanding one. The first half avoided a traditional pre-classical warm up—a few Monteverdi, Scarlatti or Handel arias which allow the voice to settle in—and featured instead four lieder each by Schubert, Brahms and Strauss. After the interval, short song cycles by Debussy and Rodrigo were balanced against a concluding group of traditional Irish folk songs.

This soprano's light, warm middle register is well suited to concert performances but on Sunday night she needed most of the Schubert songs to adjust her volume to the Wigmore Hall's acoustic and to knit the upper extension of her voice and the middle together. Brahm's more robust piano accompaniments cushioned rather than exposed the vocal line and brought an increased confidence; a set of three songs of homesickness and nostalgia, Heimweh, were sung with a fine variety of tone and emphasis. Ms Burrowes's operatic experience in Rosenkavalier and Arabella gave her just the right degree of stylishness in her Strauss singing. She knows how to produce the softly floated, silvery tone that makes a performance of Standchen and Ich Schwebe successful. When the poise and control exhibited in these songs are matched with the discipline of line required by Schubert, Burrowes will become a more than promising lieder singer.

Preconceptions about Gallic good taste and charm seemed to inhibit the delivery of Debussy's Ariettes Oubliees; the most successful songs were those in which Ms Burrowes allowed her voice to sing out freely. Though her high notes are securely placed and the technique is very reliable, her sound at lower volume levels is not always as beautifully coloured as her best loud notes lead one to expect. Still, the open, frank singing of Rodrigo's Madrigales amatorias and the Irish songs was entirely winning, and promised much for future recitals.

Ms Burrowes is lucky to have the services of David Harper as her accompanist. He is one of the few pianists of the younger generation who is able to phrase and breathe with the voice and unlike many vocal coaches, he can play all the notes without faking.

Marble Hill gains despite GLC threat

by ANTONY THORNCROFT

At a time when the art treasures in the historic houses of London owned by the GLC are under threat from the Council itself—which is investigating the possibility of selling them off to raise money—it is encouraging to hear of an important acquisition by one of the most celebrated properties, Marble Hill House at Twickenham.

Two views of Rome by the 18th century Italian artist Giovanni Panini, which were commissioned for the original decoration of the house but were lost 80 years ago, have been rediscovered and restored to their earlier position as overdoors in the Great Room.

Marble Hill House was built by George II for his mistress the Countess of Suffolk and is one of the finest examples of the English Palladian School. On her death in 1767 the inventory included four landscapes by Panini but by the time that the former London County Council took over the house in 1901 the painting had disappeared.

However two, Landscape with the Arch of Constantine, and Landscape with the Colosseum, painted in Rome in 1738, were recently rediscovered — they have both passed through the London salerooms, and, thanks to the generosity of their current owners the British Rail Pension Fund, they have been placed on loan at Marble House. The other two paintings in the set are believed to be in a private collection in Italy.

Panini is regarded as the greatest painter of Roman views of the 18th century. His work is on show at the National Gallery and, ironically, a pair of paintings are on loan to Kenwood House from a private collection. Kenwood is the jewel among the GLC's historic houses, with a collection including Vermeer's Guitar Player, and important works by Rembrandt and Gainsborough. Already the suggestion by the GLC that it might sell of its treasures is causing owners of works of art on loan there to threaten to withdraw their bequests.

In fact it would require an Act of Parliament to repeal the Kenwood Act of 1929, which covers the Iveagh Bequest to Kenwood, but the very discussion of splitting up the collection causes problems. For example an 18th century side table, made originally for the house, was recently discovered in the U.S. The Oak Trust has presented it back to the collection. Such gestures would be undermined if there were doubts about the long term future of Kenwood, and the other historic houses in London.

'La forza del destino' for WNO premiere

WNO's next season at the Cardiff New Theatre is from November 3-14 and opens with a new production of Verdi's La Forza del Destino, the 18th of Verdi's operas to be given by WNO. It is produced by Joachim Herz with designs by Reinhart Zimmermann and Eleonore Kleiber, the team responsible for WNO's Madam Butterfly. Elisabeth Ander sings the role of Leonora opposite Moises Parker as Don Alvaro.

The season's revivals include: Madam Butterfly (November 4 and 7), with Eiddwen Harrhy in the title role; Janácek's The Cunning Little Vixen (November 5), with Helen Field in the title role and Arthur Davies as the Fox; and Mozart's The Magic Flute, with the Dutch conductor Kees Bakels making his British debut.

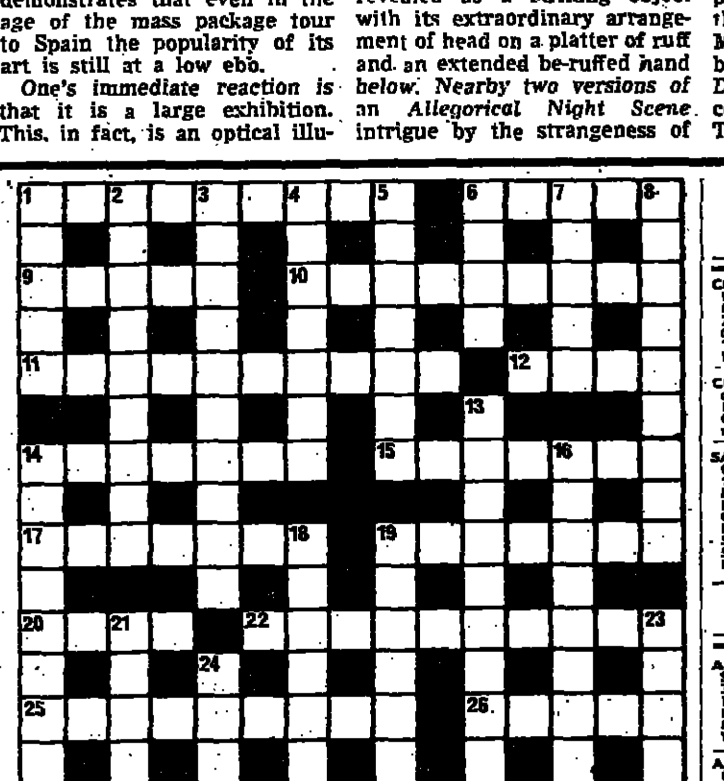
F.T. CROSSWORD PUZZLE No. 4,678

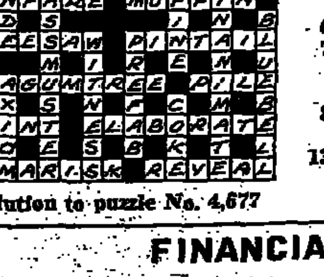
ACROSS

1 Fairy with facility to see what's happening above? (9)
6 Credit given for parts returned (5)
9 Just a moment to haul and make fast (5)
10 Worker changing near grate (9)
11 Painter left snake. To climb this? (4-6)
12 Glance sideways and dance back (4)
14 Send beer around for evangelist (7)
15 Deceived little lord indeed! (7)
17 Ill-omened in Goethe's drama (7)
19 Bird to assess and subject to chemical analysis (7)
20 Team-leader going to request work (4)
22 Mentally unstable? Not on average! (3, 7)
25 Change a profit into a refrain (9)
26 A fertile spot wherein flowers are arranged (5)
27 Burning wood — these days? (5)
28 Eyed stray concoction, but it's always in the past (9)

DOWN

1 Saint must get out to dwindle away to nothing (5)
2 Mack for soldiers in a soft housetop (9)
3 Charm I spy on to explain orthographically (5, 2, 3)
4 Behind time for arrival and late with the payment (7)
5 Intellectual putting embryo on top of froth (7)
6 Pole ate up a bristle (4)
7 Periodical payment to English out of annual income (5)
8 To share a hill-range—could it be game? (9)
13 Having one of these one may need a psychiatrist or a builder (5, 5)
14 Plato's pupil is alert to reform (9)
16 Ascertained a disease from symptoms and dosed with a gin mixed internally (9)
18 Squabble over some silk-like gauze (7)
19 Fix a label to article going to America containing a gadfly (7)
21 Inferior animal to wash with a brush (5)
23 A written composition. One letter? Yes! (5)
24 Two gases making one bristle (4)





Solution to puzzle No. 4,677

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When neglect is not benign

BUSINESSMEN will certainly welcome the sentiment behind the call by Mr Gordon Richardson, the Governor of the Bank of England, that countries should "move in the direction of giving greater priority to exchange rate stability." However, that is scarcely the kind of slogan which could be inscribed on a banner. Mr Richardson's remarks in San Francisco were unmistakably critical of some aspects of U.S. policy. But they were tactful, as might be expected *from a man in his* position. It might be helpful, then, to spell out a little more clearly the kind of policies which would be needed to reduce the extreme uncertainty which is so hampering business decisions at present.

Stability

The Governor rejected a hands-off attitude towards turbulent exchange markets, although this is a declared American policy. "Non-intervention is itself a policy from which the market draws conclusions," he explained: and he also called on the managers of national reserves not to join in currency speculation.

His central point, however, was that domestic policies should also take account of stability and good neighbourliness. Decisions which might look right on *domestic grounds* alone might have to be changed if we were to recreate a world of stabler rates, based on policies which *aimed* at shared objectives within a co-operative framework. He did not, however, suggest what might be involved in putting these excellent sentiments to work.

Borrowing

He may well have felt that he need stretch diplomacy no further, because a business *audience could easily fill in the* details for themselves. Financial markets, at any rate, would now vote almost unanimously for the proposition that the fiscal balance is what matters when it comes to setting interest rates, and thus exchange rates. Wall Street today, like London last year, worries almost obsessively about Government borrowing. This means that a government which *sets* tight monetary *targets* must play its full part in achieving them by tightening its budget balance. If everything is left to central banks, then the private sector is squeezed and interest rates and exchange rates overshoot.

This is the current orthodoxy in the markets, and we have played our part in arguing for it; but it should be remembered that it was a minority view until quite recently, and that many businessmen and politicians, including some of President Reagan's close advisers, still question it.

The fact is that while few would question that monetary constraint imposes a choice between higher interest rates and higher taxes (or lower *spending*), the very powerful link between interest rates and exchange rates is not nearly so obvious. It has become apparent mainly because of the vast capi*tal flows which* have become routine as part of the recycling process, and it produces odd and unstable results.

Differences

The first step must be a general recognition that reasonable exchange rate stability is a prize worth winning. As the Governor explained, this does not mean rigid targets; indeed, a rigid system would very soon crack in the present world of divergent realities. It does, *however, mean taking* active and possibly painful steps to try to ensure that exchange rates do not exaggerate the real-world differences, and create problems on their own account. Above all, unhappily, it means persuading the Americans that while exchange rate swings may not unduly disturb U.S. business, others cannot afford "benign neglect," so that the present system forces everyone else to dance to an unwelcome U.S. tune. The Governor, by saying what he did where he did started to put that message over. It needs to be repeated, louder.

The lessons of Prestel

VIEWDATA, the technique for providing computerised information through the telephone network, has been rightly acclaimed as an outstanding British innovation. Relatively inexpensive and easy to use, it has attracted widespread commercial interest both in the UK and abroad.

Several other countries, notably France and Canada, have developed their own versions of viewdata and are competing hard on the world market. But Britain has so far outdistanced its rivals in selling its technology internationally, even though these sales have generally been worth more in terms of prestige than in hard cash.

Businesses

It is to the credit of British Telecom, which invented viewdata, that the UK can still claim a lead. It sensed viewdata's potential early on and moved with unusual speed to turn it to commercial account. Prestel, launched two-and-a-half years ago, was the world's first public viewdata service and is still the biggest.

But judged by British Telecom's original objectives, Prestel has not proved a success. It has manifestly failed to catch on as a popular press medium with the universal appeal of colour television. Fewer than 13,000 sets have been linked to it so far, only a quarter of the target set for the end of last year. And most are installed in businesses, not private houses.

Selective

These disappointing results are due to poor marketing, not to poor technology. Carried away by the sheer technical ingenuity of its branchild, British Telecmo did not think hard enough about how to exploit it. Its *expensive promotion* campaign has had no proper focus: a shotgun was used when a marksman's rifle was needed.

The recent reorganisation of Prestel suggests that British Telecom has recognised its mistake. Marketing will in future be much more selective. It will aim to sell Prestel as a working tool to business customers who can save time and money through efficient communication, not to convert an untutored and largely indifferent mass audience.

The service is also being equipped to handle live transactions like money transfers as well as the hotch-potch of sometimes dated and irrelevant information stored on the system now. Prestel subscribers will, as it were, be offered moving pictures instead of just a magic lantern show.

Ironically, the new strategy is modelled closely on the successful approach taken from the *beginning in* West Germany, whose public viewdata service is based on Prestel. The Germans have clearly suffered no handicap by borrowing and adapting British technology, rather than inventing their own.

Japanese electronics companies have applied the same principle for years. They were successfully using microelectronics in watches and calculators long before they mastered the art of making their own silicon chips. And their recent success in challenging U.S. domination of the world chip market is due more to factors like quality, delivery and price than to superior basic technology.

Cheaper

In the U.S., tiny companies are out-manoeuvering American Telephone and Telegraph in some markets by offering products and services that are both more advanced and cheaper than AT&T's own. Few of these companies did their own basic research: often, they employ technology first developed by AT&T's Bell Labs but never exploited by the parent company.

These examples from abroad confirm the lesson to be drawn from Prestel's record at home. In high technology industries, being first with a new idea confers no monopoly of wisdom: the key to cashing in on technical wizardry lies in managing its application so that it meets a genuine market demand.

Britain is fortunate in still possessing many able and inventive technological brains, notably in computer software. But more effective means must be found to utilise their talents commercially. There is little point in building a better mousetrap if there are no mice around to be caught.

THE ONE-YEAR-OLD GULF WAR

A long fight to the death

By Roger Matthews

AFTER 12 months of fighting and close to 100,000 casualties, the Gulf War looks both unwinnable and unstoppable. Despite the persistent drain on the economic and political resources of Iraq and Iran, neither country is in a position to impose a settlement or agree to a ceasefire which would inevitably involve making concessions to an ideologically implacable enemy.

But if the fight has to be to the death, it threatens to leave the "victor" in a massively weakened position. More important still, it will increasingly *create a vacuum in this strategic* area of the globe, offering temptations to regional and super powers.

Iraq, second only to Saudi Arabia in Middle Eastern oil reserves, still appears to be the stronger. President Saddam Hussein gambled on a quick victory, and lost. But his political grip on the country and the solid social achievements of the regime in the past few years have meant that the price of his failure will be exacted over the longer rather than shorter term.

Iraq has lost between 14,000 and 18,000 dead in the fighting, and probably another 35,000 to 45,000 wounded. It occupies a few thousand square kilometres of *Iranian* territory, but is *forced* to admit that its single most important geographical aim—the control of the Shatt al-Arab waterway — remains beyond its grasp.

The offensive effectively ended for Mr Hussein last November when his best troops spent several weeks in bloody house-to-house fighting before taking the *Iranian* port city of Khorramshahr. He must have assumed that it would be a repeat of 1857 when the Persians fled in the face of the mercenaries of the British East India Company. Instead, the Iranian Revolutionary Guards made the Iraqis pay a high price for control of Khorramshahr and were then to deny them Susangerd to the north.

President Hussein therefore adopted what he described as "a stationary offensive" which in political terms could be translated as hoping that military attrition would hasten the collapse of the Iranian regime.

The other possibility — that Iran will eventually disintegrate as a state — should, if anything, be more worrying. Iran's long Gulf coastline tapering to the Strait of Hormuz, through which over 40 per cent of the industrialised world's oil passes, is of vital interest to the U.S. and, if the Reagan Administration is to be believed, to the Soviet Union as well.

Both superpowers have been playing their Gulf war cards extremely close to the chest.

However, there have already been major implications for the balance of power within the Middle East. The war completed the demise of Iran as an interventionist military force and now threatens to do the same for Iraq within the wider Arab context.

Israel, by bombing the nuclear instalation near Baghdad emphasised Mr Hussein's impotence. Iraq, instead of seeking to lead the Arab world in place of Egypt, is now banished to the periphery and can do little to influence its worsening split.

Individual Arab governments, with the exception of Egypt, are rightly fearful of relative isolation. It is no coincidence that Israel and its friends are now pushing the line that Jordan is the natural home for a Palestinian state. People of Palestinian origin form over 50 per cent of the Jordanian population; King Hussein vigorously backed *President Hussein* in the war, in hindsight not one of his wisest decisions, and in so doing forfeited the remaining friendship of Syria.

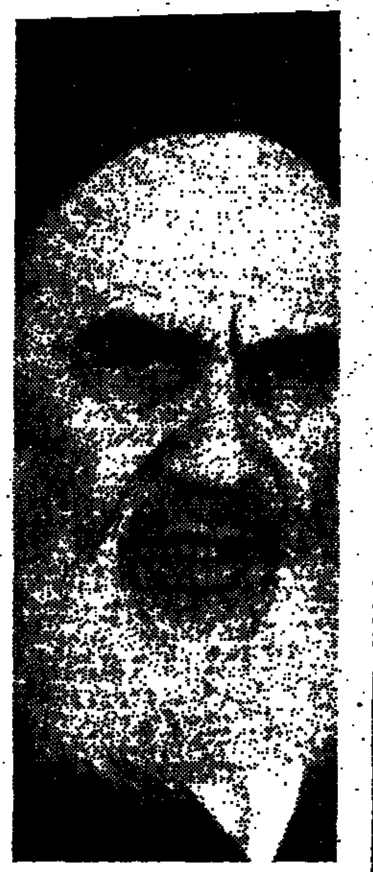
The Damascus regime, already under pressure at home, has itself been brought to the brink of war with Israel in the past few months and is acutely vulnerable through its Lebanon involvement. The militarily weak royal families of the Gulf, although relieved that militant Islam has been forced on to the defensive in Iran, have nervously gathered themselves around Saudi Arabia in the Gulf Co-operation Council.

It could be that this new grouping will be a force for moderation. It *has prompted* a little-appreciated Saudi initiative for a wider Middle East peace, but at the same time Riyadh's oil pricing policies are incurring the wrath of both Iraq and Iran.

The U.S. decision to challenge Libya directly, by shooting down two of its aircraft in the Gulf of Sirte, has confirmed the *suspicions of those Arab states*, such as Syria, which most vigorously opposed the Camp David peace agreement. Believing that an American-Israeli-Egyptian plot has been hatched to bring down their regimes and impose a new order on the Middle East their reaction has been predictable. All have turned to the Soviet Union *which* now, to its satisfaction, is beginning to regain the ground in the region that it lost during 1978 and 1979.

Such *threatened* polarisation spells the death of that perhaps impossible dream of an Arab family strong enough to order its own *future* without superpower involvement. It must also be the despair of the Palestinians, whose main hope for a negotiated settlement has always been through concerted and united Arab pressure.

Should the war continue for another year, as is all too possible, military analysts will increasingly refer to the importance of Iran's 36m population against Iraq's 13m. But, by then, attention may well be concentrated on other Middle East developments.



AYATOLLAH KHOMEINI
Would never admit defeat

PRESIDENT HUSSEIN
Gambled on a quick victory

'See you in Baghdad,' said the Iranian

By Terry Povey in Tehran

THE Gulf War has become just one of several wars, the internal war and the one to right the economy included, with which the Iranian regime is currently contending.

And, although in Tehran the Government insists that the war with Iraq has first priority, only the declaration of this week as "War Week" and a fairly general effort to concentrate the population's mind back on the battlefronts and away from the *clashes in the city streets have* got the war back into the headlines in a big way.

There are even those who consider that in the short term peace might present more problems than a war. With an end to hostilities, the demands on the political system and the economy might intensify considerably.

However, there appears no likelihood of an early peace, for Iran demands the humiliation and military defeat of Iraq's leader, while Iraq hopes for concessions on territory in the border areas.

It is a supreme irony that the Gulf War has done more than anything else in the post-hostage period to aid the regime, rather than weaken it. Even today many of those who oppose the regime for different reasons will *not join the opposition because* they feel the first priority should be the war.

Particularly in the areas most affected by the war, in such big cities as Ahwaz, Kermanshah and Dezful, and among the more than 1m war refugees, victory—or at least an honourable peace—appears far more important than the violent political differences that dominate life in the north and centre of the country.

In the capital, and in most cities away from the war zones, concern over air raids disappeared months ago, and the blackout went with it. Only the street lights remain turned off as a reminder that the war continues elsewhere. Food supplies remain sufficient, although certainly not as plentiful as before the war. Coupons and *quotas, plus government distri*bution centres, have helped cushion the poor against the ravages of wartime inflation.

A year ago today, when the war began, Iran hardly looked capable of coping with a war. It was into the 10th month of holding 52 U.S. diplomats hostage and was, as a result, subjected to economic and diplomatic sanctions by most major Western states.

Its armed forces were said to be shattered, with much of their sophisticated weaponry unusable. The officer corps had been depleted by desertions, purges and arrests.

One year later, the hostages have been released, trade sanctions have ended, but an arms embargo has been enforced, pushing Iran to the underworld of private arms *suppliers. The internal disputes* have escalated to the point of virtual civil war and assassinations have claimed a large part of the current fundamentalist leadership.

Yet, through all this, Iran's forces—regular troops, revolutionary guards, and militia members—have fought their share of the Gulf War's battles.

The pattern of fighting has been similar on most fronts. In the early stages, the highly motivated revolutionary forces took heavy casualties to blunt the Iraqis' drive forward. In the later stages the regular army has come into its own, dominating the battlefronts more and more as the months passed.

Today, and in fact for many months now, there has been no forward movement by Iraqi forces on any front. After one *year of war, the wrecked port* and western area of Khorramshahr is, with the exception of Qasre Shirin, on the mid-western front, the sole strategic target in Iraqi hands. No other city or town of any importance seems under any serious threat.

When Iraq's momentum faltered, Iran was given a long breathing-space to reorganise its armed forces. This was done with *considerable success*, and now on most fronts Iranian troops are said to equal or outnumber those of Iraq.

All this is token of the fact that, after one year, the running of Iran's war is very much in the hands of the professionals, whatever the political arguments in the capital may be. Its front-line army commanders at brigade and divisional level are nearly all career officers, none of *them* ranking above a colonel. It seems that few of these desire a general's stars for fear of the possible political dangers that may arise. Among these professionals there is no doubt about Iran's ability to win the war. "See you in Baghdad" was one's parting shot to me recently.

Men & Matters

Last orders

A snifter of gin first thing in the morning might, for all I know, be the invariable start to your own working day. But at least over at James Burrough they can be open about it, since part of the *fun* of distilling the Beefeater Gin which they produce is being able to check that quality is being maintained.

A difficult sort of job to tear yourself away from, I would say, but chairman Alan Burrough *has decided that after 13 years* in the Beefeating chair he will be retiring next year at the age of 65. And James Burrough still being very much a family firm—70 per cent of the shares are in Burrough hands—he will be succeeded by his brother, Norman, nine years his junior.

Alan Burrough will remain a non-executive director, but says that it will be a *two-to-three* day per month commitment, leaving him free to pursue liquid enjoyment of a different sort. Apart from sailing a 36-ft yacht, as he was doing over the weekend, he is a member of the management committee for the Henley Royal Regatta. He rowed for Cambridge in three boat races and, *despite then losing a leg* in the North African campaign, came back from war to represent England in the European Rowing championships in 1947, and *organised* the University Boat Race between 1951 and 1965.

A significant change for the company under Alan Burrough came with a partial offer of *shares* to the public in 1977 through the over-the-counter market operated by M. J. H. Nightingale. The move caused rather a stir at the time, since the company seemed well enough suited to the stock exchange proper. But Burrough says he has been entirely satisfied by the method of flotation, and sees no cause to review it. Profits last year were £3.14m pre-tax from just 560 employees. And if he were to favour any particular summary of his chairmanship, it would probably be that, although the firm was founded in 1898, four-fifths of its total profits have been earned in those last 13 years.

Armand Hammer: *knocking around in Poland*

Polishing up

In Poland this week doing his bit for that country's hard-pressed balance of payments was Armand Hammer, Occidental chairman, collector, octogenarian, philanthropist and Kremlin intimate.

Hammer also had talks with Polish Prime Minister General Jaruzelski, and aired some thoughts of his own on the Polish crisis. He repeated his conviction that the Russians will not invade, and soothed that he had "confidence that Poland will come out all right." As for the current debate on who should manage Polish industry, "I think there would be anarchy and chaos if the workers elected managers." His own solution had something for everybody. "The Government should select managers on the basis of ability, together with Solidarity. And if they could not agree, then both sides should turn to the Church."

Local difficulty

Frantic last-minute moves are under way among Tory moder*ates in the Association of Met*ropolitan Authorities to try to head off the resignation of their disillusioned group leader Sir Godfrey "Tag" Taylor at tomorrow's joint conference of the local authority associations.

With 30 years behind him on the benches of Sutton Council in London, Taylor has become as despairing of local government as he has of central government. Chairman of the AMA until Labour won control last May, he has been a constant fighter against attempts by any political party to draw power towards its own centre and away from local councils.

Moderates now fear that his resignation could provoke a split in the AMA between the Labour left of Ken *Livingstone* and Ted Knight, versus the Tory right of Peter Bowness, Croydon leader of th London Boroughs Association and a pos*sible successor to Taylor.*

Hodge-pruning

The Directory of Directors may have to switch to a smaller format in the next couple of years if Sir Julian Hodge really does take his planned retirement to extremes. For like the tail from a comet *hangs the* list of no less than 62 corporate directorships from the Hodge name—and even that does not take into account the recent *Robertson* takeover by Hodge's Avana group.

How does he do it all? If, like me, you try to contact him on a working day, you discover that the answer is by being very busy indeed. And when you do get through, he is not slow to recall that the present performance pales beside the 165 board seats of a few years back. In fact, the only retirement in immediate prospect within this *phased withdrawal is from the* public duty at Avana, where he will step down in November. An appropriate time, he explains, because it was in November 30 years ago that he first joined the Avana Board.

That will in turn leave him more time for the Jane Hodge Foundation, a charitable trust named after his mother. Its *next project is two homes in* Cardiff—"for shall we say, aged people," he explains. Which is when you remember that, at 77, the man running around building the things probably has a few years on many of their beneficiaries.

Power struggle

A bright, shiny Press release lands on my desk with a sorry story to tell. "IBA stops advertising by Gas Central Heating Group. . . . it portrayed a *typical domestic heating* arrangement, and therefore presented an incomplete story. . . ."

And who should have issued this confession? Why, the Electric Home Bureau, "representing the interests of the British electrical appliance industry."

Ring of truth

Two battered-looking men were overheard pursuing a heated discussion in a Lambeth pub. "I might never 'ave been matched against 'enry Cooper," said one, "but I sparred three rounds against 'im and I 'ad 'im worried." "Too true, mate," replied the other, "seeing 'as 'ow 'e thought 'e killed you."

THE DIAMOND CRISIS

'We can handle this'

By Kenneth Marston, Mining Editor

"I THINK that you will find over the period ahead that people who look at the thing carefully may come to the conclusion that the Zaire experience should be looked upon as a warning rather than as an example."

Thus Mr Oppenheimer last week delivered his verdict on the defection of Zaire from the CSO. Would it lead to the organisation's breakup, he was asked in a long interview. He smiled disarmingly. "Our contracts have a good long time to run in most cases," he said.

"I can't pretend that we are pleased that anybody breaks away. Its a bad example." The worst thing is the loss of prestige, perhaps, which is involved rather than the actual material which is about 2 per cent of the CSO intake, largely in extremely low quality diamonds."

He pointed out that the kind of diamond produced in Zaire was going to come under "tremendous competition" from the A$500m (£316m) Ashton joint venture in Australia when the latter reaches full production in 1985 with an annual capacity of some 22.5m carats.

"Cut off their nose to spite their face"

Would other Black African diamond producing countries consider leaving the CSO? "You do run risks with some of these African countries," Mr Oppenheimer admitted, "because for political reasons they are prepared sometimes to cut off their nose to spite their face and, of course, we run these risks.

"Mind you, when they do decide, if they do decide, and I must say there has been no sign of this—on the contrary its been really quite good, in rather difficult areas too—but you know, at a pinch, we don't go out of business and they've got to sell the diamonds."

Asked about the political objections raised in Australia about the possibility that the South African organisation will market Ashton diamonds. Mr Oppenheimer replied that it was natural that there would be a prejudice against South Africa and a fear that the Australians had something very important that they would lose by dealing with the CSO.

"All we can do is to do our best to show to the Ashton people that by selling to us they are going to do better than selling to other people." The Ashton consortium leader, the Rio Tinto-Zinc group's CRA, was composed of "highly sophisticated people."

"They have had very long and friendly talks with us and they've also, quite rightly, talked to a great many other people. What they will finally decide, I don't know." In any case the Ashton diamonds were going to be "rather difficult goods to handle."

"Because while it is going to be a very big production it consists to a considerable extent of industrials — well, that is no doubt handleable—but to a very great extent (these are) very common diamonds on the margin between gem and industrial.

"This is not going to be an easy thing to do and I think that if they are going to market those things they should try to do it in a way which doesn't invite a great deal of competition with other people."

Was the growth in the size of the CSO stockpile of rough diamonds near the limit as to what might reasonably be financed? "We are a good long way" from that level, said Mr Oppenheimer, but he confirmed that borrowings would be made, if necessary, to finance the stocks. "We've always had bank facilities we so far haven't had to use but we would certainly do this."

The group has huge assets to borrow against, but borrowings would not necessarily be made on the international market.

De Beers was not slowing down its current capacity expansion programme nor was it considering at this stage any further cutbacks in its mine production. Last year the group mined 14.7m carats out of a world total of 47.2m and is currently curtailing output by about 5 per cent.

Mr Oppenheimer did not envisage any reduction being made by the CSO in its purchases from mines outside those in the De Beers group. "We can handle this all right." There was no question of the CSO lowering its selling prices which are currently above those being fetched in Antwerp for smuggled stones.

Everything depended on the world economy and the course of interest rates. "I would say that if the stocks (at the cutting centres) are reduced, and they are falling, this must make the position better independently of what happens in the general economic sense. You are not going to get really good times if you have interest rates at 20 per cent. I would hope at the end of the year one may see something somewhat better."

He pointed out that the market in the larger high-priced "investment" diamonds "is particularly bad." But the importance of this area of the market had been "a little bit overdone because it was the area where the prices were pushed up by speculation to levels which really had no relation to any reality."

"$25.000 is a pretty good price"

"The market is gloomy now, but when people started this thing and a perfect one carat stone sold at $60,000 and now sells at $25,000, to my mind $25,000 is a pretty good price."

Mr Oppenheimer was concerned at the high level of retail price mark-ups, "it is one of the major difficulties of this trade." One of the problems of the investment diamond scene was that during the boom "people sold diamonds for investment purposes at quite absurd mark-ups.

"I've always liked the diamond business better than any of the other businesses we're concerned in. One goes up and down and this has been a disagreeable down. We haven't had one like this for a long time," he added.

"But I'm not frightened by it. I think we will come through and you will find that with the stocks we have accumulated . . . we will make a great deal of money out of it."

Diamonds are his first and lasting love

Harry Frederick Oppenheimer, 72, is the head of the giant Anglo American Corporation of South Africa and its sister company, De Beers Consolidated Mines, which he has built into one of the world's greatest natural resource groups.

Based in South Africa, but with worldwide interests Anglo American is involved in the mining and production of virtually every mineral from gold to coal. The group is also a major force in the financial, industrial and commercial scene and at the end of last year the market value of its investments was almost R6.5bn (£3.8bn).

But, as with his father before him, diamonds are Mr Oppenheimer's first and lasting love. Something over 80 per cent of total world diamond production is marketed under the auspices of the Central Selling Organisation (CSO) which was set up in the 1930s by his father and is now headed in London by Mr Oppenheimer's cousin, Sir Philip Oppenheimer.

The CSO, sometimes referred to out of Oppenheimer earshot as "The Syndicate," dominates the world diamond industry which generated retail jewellery sales alone last year of some $17bn (£9.3bn). But this year it is under pressure as never before in the recent past.

Retail sales have held up remarkably well so far this year, but the recession and high interest rates have dealt a crushing blow to the diamond cutting and polishing industry. And Zaire's decision to pull out of the CSO has raised fears that other countries could follow and seriously undermine CSO market dominance.

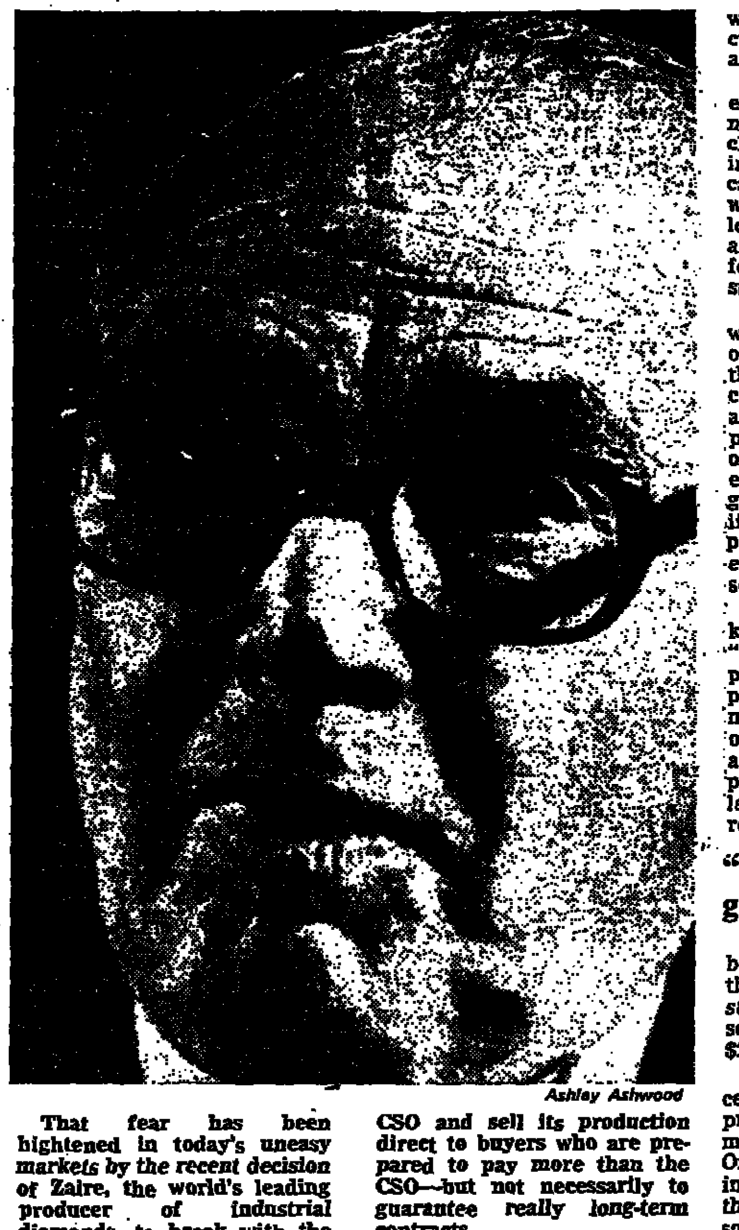
For the industry, meanwhile, it is the worst crisis for a decade. In Antwerp, the world's major cutting centre which deals with the highest quality gems priced in many thousands of dollars per carat, there are stories of disastrous losses and impending bankruptcies.

Tel Aviv has been even harder hit. The Israeli cutting trade has already suffered a rash of failures, short-time working and heavy unemployment. Indeed, some of the remaining firms are threatening to close their plants unless the Government provides cheap credit.

The result is that in South Africa the CSO is having to finance a record level of unsold stocks of rough (uncut) diamonds. This is because of the organisation's policy of buying a guaranteed minimum of diamonds mined by De Beers and other producers.

The supply of diamonds to the market is then limited in line with demand. At times such as these the CSO withholds stones from the market. It also fixes the prices for the roughs and these prices have never been reduced.

The role of the CSO is thus rather like that of a lion tamer. There is always the fear that if one of its member-producer "cats" should get out of control others might follow and the act could disintegrate into the kind of chaos that was seen in the diamond industry before the CSO was formed.



Ashley Ashwood

That fear has been heightened in today's uneasy markets by the recent decision of Zaire, the world's leading producer of industrial diamonds, to break with the CSO and sell its production direct to buyers who are prepared to pay more than the CSO—but not necessarily to guarantee really long-term contracts.

Lombard

Asset strippers at county hall

By David Walker

IT WAS a great American architect, who, asked to give his views on the ideal sort of development for city areas, replied succinctly: "Plant grass."

Those two words have much to commend them. It is good to see Mr Michael Heseltine, the Environment Secretary, following their spirit with his plans for a major garden exhibition in central Liverpool. That will provide permanent benefits in that sadly under-grassed city.

At the same time, however, many at present more fortunate areas face the prospect of losing a great deal of what grass they have. This is in large part a consequence of the severe cutbacks many local authorities — not just the highest spending—face in the central government finance Mr Heseltine is making available to them. But it is also being actively encouraged by Mr Heseltine.

Thus 12 days ago he said it was: "A national scandal that all elements of the public sector have allowed so much land—often at the heart of our great cities—to have lain unused for so long," and called for action by local authorities.

It may, perhaps, be a matter of some joy to Mr Heseltine that many local authorities, desperate for cash, are looking very hard at so-called idle land with obvious development potential, with a view to selling it off at the highest possible price.

But what can this mean in practice?

Take, for example, 10 acres at the edge of a large London overspill estate itself bordering the green belt round a medium-sized industrial town. The land has been county council owned for 26 years, acquired for use as playing fields for a college of technology in the town centre.

There are now fewer college students and they make little, if any, call on the site's soccer pitches and tennis and basketball courts.

To the council, few of whose members have personal knowledge of the site, the land is surplus. It is also worth close to £1m to private housing developers compared with the £38,400 paid for it.

To local residents, however, it is a much-used recreational area, played on by children during the week and full of footballers at the weekend.

Or take a similar-sized site at the edge of a 1920s-built council estate, once the playing fields of a town centre grammar school.

The school has closed, but local children with little other open space within walking distance continue to use the playing fields.

Again, however, to the owning council it is idle land. Another lucky housing developer is about to buy a rather attractive plot, albeit that a section is to be retained as open space—at an end which will largely benefit the purchasers of the new houses rather than the council estate tenants.

Or, again, a new, private estate has a site earmarked for a primary school. Changes in the school population, plus a shortage of funds, mean it will not be built. The site remains, a welcome reminder of the green fields which the houses have otherwise obliterated. But not for long; this again is land lying idle and the county council owners have decreed that that will not do.

In each case, it is the same county, Hertfordshire. And each site is in the same town. That is a lot of open space for one place to lose.

There is obviously a need to make good use of waste land, especially areas of dereliction in the inner cities where some authorities are keeping developers out of sites crying out for re-development. And there is equally obviously a need to curb public spending, at local as well as national level.

But much so-called idle land is so only in theory — ask any child living nearby. Much thought needs to be given when development is under consideration. For I am sure that Mr Heseltine did not intend that short-term gains should be bought at the expense of local communities' long-term futures.

Letters to the Editor

Industry's rising rates and unemployment

From Mr D. Franklin

Sir,—Andrew Taylor (September 18) is not putting industry's rate burden into the correct perspective as rates are not an overhead but a tax. Overheads are an expense wholly paid for the purpose of trading and rates do not fall into this category as without them business would still function. Furthermore, at times of recession all companies are reducing their overheads in order to survive whereas rates have increased astronomically over the past three years.

To use them as a percentage of turnover may be an interesting statistic but only when compared to the profitability of a company can rates be put in their proper perspective. W. H. Smith's rate bill was £8m which was an increase of 21 per cent over the previous year. With a pre-tax profit of £5.7m it is obvious that any further increase of rates must result in the reduction of staff. A furniture manufacturer with factories and showrooms throughout Britain is paying rates in excess of £2,300 per employee in Camden, Glasgow and Milton Keynes and further rate increases must result in unemployment.

The rates "tax" is not based on ability to pay nor are those who pay them adequately represented at local elections. As non-resident ratepayers are disenfranchised, accountability of local authorities to the local electorate is a myth. Out of a total of 35m voters only 16m paid domestic rates. Indeed, some local authority figures make a mockery of democracy. The Borough of Lambeth's expenditure is £217m of which £117m is supplied by central government. Domestic rates account for £13.4m which means that domestic ratepayers contribute 6.18 per cent of monies spent by local councillors. Yet companies have had their rates increased by 143.31 per cent since 1978 and are powerless to question or reduce this "overhead." Rent arrears are now £4.352m and last year a special arrears team was set up to deal with this problem. The additional cost was £38,000 and rent debts are now rising by £150,000 per month or a return on investment of minus £1.4m. The chairman of the housing committee is quoted as having commented that "the arrears team has had limited success."

Any company having as limited a success with their overheads would be in pretty poor shape and only when rates are a local tax paid by all voters will they become concerned how their money is being spent and voters will be able to differentiate between local government providing services, and services which are essential being provided.

D. G. Franklin.
121 Kennington Road, SE11

Commitment to aid the poorer countries

From Mr G. Toplas.

Sir,—With reference to your article (September 18), on aid to poor countries, I am shocked by the very low percentages of GDP paid out in 1979 by most of the richer countries, the Soviet Block being particularly reprehensible. It is worth recalling that a large part of those aid payments are used to purchase higher technology items from the West. "Cast your bread upon the waters, and it shall return to you in due time."

There seems to be one way in which the situation could be radically improved. The U.S. is about to hold arms talks with the Soviets. If and when some progress is made in the field of arms limitations, this will automatically result in considerable savings in budgeted defence expenditure on both sides, including Nato powers.

Thus the leader, the U.S., could afford to publish, ahead of time, a commitment to donate to the third world a percentage, say 30 per cent, of those savings, and also challenge the Nato powers and the Soviet bloc to do the same. (I do not know how this would affect the Japanese, but they could perhaps be persuaded to join in, in some way.)

Needless to say the Third World would be delighted at such a move, and their support of the West in the talks and elsewhere could prove of great value, particularly in the UN, and the move might help to push the talks along to greater success.

George M. Toplas,
P.O. Box 222, Cambridge.

Scots' feelings roused by bank bid

From Mr C. McAllister.

Sir,—May I ask Mr W. Presswell (September 16) whose bank does he think the Royal Bank of Scotland is, if not the Scots'?

How would he feel if the Bank of England were the subject of a contested take-over bid by Bank of America and Moscow Narodny Bank?

C. A. McAllister.
140, South Street, St Andrew's, Fife, Scotland.

S. Africa, Angola and Swapo's arms

From Mr N. Gordon-Brown.

Sir,—Quentin Peel's conversation with Sam Nujoma, leader of South West Africa People's Organisation's guerrilla army (September 17) reveals a gem of illogicality.

He refutes South Africa's statement that its recent incursion into Angola was directed at SWAPO bases, claiming instead that South Africa was at war with Angola itself. In the same breath he pleads for more armaments for SWAPO. If Sam Nujoma really thinks that South Africa has been waging a war against Angola and not SWAPO, what on earth does he want more arms for?

Nicholas Gordon-Brown.
Namibia Information Service,
Lloyd-Hughes Associates,
66-70, Borough High Street, SE1.

The Japanese attitude to whaling

From the Director,
People's Trust for Endangered Species

Sir,—Mr R. Yoshimura (September 14) says that his Government is conscious of its responsibility for whale conservation and proper management, and implies that it accepts and will comply with the findings of the scientific committee. But it has not been so in the past.

More important it has not done so at this year's International Whaling Commission. Why did it stand out alone from all other member countries (both whaling and non-whaling) in opposing the ban on sperm whales? Why did the Japanese oppose the scientific committee's recommendations endorsing the findings of the I.W.C. workshop of specialists which recommended banning the cold harpoon because of its cruelty?

The real crux is whether the Japanese are willing to accept the recommendations of international scientists when it may be politically difficult for them to do so.

W. J. Jordan,
19 Quarry St., Guildford, Surrey.

Environmentalists' dream

From the Chairman,
Railway Conversion League.

Sir, — I am glad that Mr Irvine-Brown (September 16) accepts my earlier point that most rail freight pays no track costs at all. The calculations with his rusty slide rule have little relevance since it is fuel duty and VAT thereon which is the major element in road taxation.

The fourth power rule for the impact of axle weights is of dubious validity, since it is based on the effects of loads on inadequate pavements; but the extra pavement thickness needed is only a small part of total highway construction costs. If it were a valid basis for taxation one wonders whether light cars should pay any tax at all.

As pointed out in the Green Paper of 1976, demand for road freight is largely price inelastic, since railways are incapable of offering the kind of movement service society increasingly needs due to more dispersed patterns of living and the need for greater frequency and flexibility of supply for all consumer needs. The environmentalists' dream of returning most freight movement to rail is an exercise in mass self-delusion.

If all the subsidies, overt and covert, which rail freight receives were to be withdrawn, this mode of freight transport would certainly vanish in these small islands, where average haul distance is only a diminutive 120 km.

Angus Dalgleish.
Shouson Hill, Ruxbury Road, Chertsey.

Free collective bargaining

From Mr H. Mayer

Sir,—Is it not remarkable that not a single voice has been heard reminding the Prime Minister and her Ministers of the avowed policy of "free collective bargaining" to which she in person pledged her Government on TV before her election?

The party of free enterprise and personal freedom does not hesitate and drops its commitments when opportune—that, no doubt is what is meant by integrity.

Your paper, in common with the other so-called "quality papers," finds it quite easy to overlook such a U-turn.

H. A. Mayer.
88, Fordhook Avenue, W5.

Fisons plunges £3.7m and reduces interim by 2.9p

PRE-TAX PROFITS of Fisons, the fertiliser, agrochemical, pharmaceutical and scientific equipment group, plunged from £5.3m to £1.6m in the first half of 1981 and the net interim dividend is being cut by 2.9p to 4p per share—a final of 3.1p was paid last year.

In the second six months of 1980 the group incurred a taxable loss of £1.47m but Sir George Burton, the chairman, says although the underlying factors which have caused recent losses have not been entirely eliminated and the group has not yet seen any real upturn in demand in its sectors of the economy. "it is quite clear that group results have started to benefit from firm actions which have been taken."

Turnover for the half year improved from £225.11m to £233.74m but trading profits showed a sharp reversal to £6.77m (£10.19m).

Finance charges were higher at £6.55m (£5.8m) and after tax of £2.4m (£2.34m) and taking in share of profits of associates of £1.39m (£912,000) the attributable loss emerged at £879,000 (£2.93m).

The chairman says the fertiliser and agrochemical divisions were both adversely affected by the conditions of the UK farming economy in the first half.

Agrochemicals earned a profit of £535,000 and the fertiliser sector contained its loss to £1.68m during which time a major restructuring programme to reduce costs was in progress.

Pharmaceuticals and horticulture both returned higher profits of £7.33m and £1.12m respectively.

Horticulture, which almost *doubled* its profits, included for the first time half profits from the new Canadian joint venture—Fisons Western Peat Corporation.

Scientific equipment produced a profit of £844,000 in spite of the dull UK market which has persisted mainly as a result of the low level of public expenditure. Export results were encouraging and several major orders were won against stiff overseas competition.

Sir George says that the move of group headquarters to Ipswich is now complete and the directors "are continuing to market vigorously and streamline the organisation to restore it to full health."

A breakdown of group sales and activity profits (£8.16m against £11.1m) for the six months shows: agrochemicals £34.75m (£41.06m) and £535,000 (£1.03m); fertilisers £98.65m (£98.29m) and £1.68m loss (£1.41m profit); horticulture £15.34m (£12.52m) and £1.12m (£609,000); pharmaceuticals £54.24m (£43.89m) and £7.33m (£6.51m); and scientific equipment £30.76m (£29.36m) and £844,000 (£1.53m).

See Lex

HIGHLIGHTS

Lex looks at the financial markets yesterday where the pound weakened against continental currencies while interest rates remain under upward pressure. On the corporate front Tarmac reported profits slightly higher despite lower volume from most divisions. Improved efficiency is *protecting the company* and profits for the full year should be up despite interest rate doubts on the building side. Fisons pre-tax profits have fallen to £1.6m at the half way stage and the company is struggling against weak demand in most divisions. Lex also looks at BTR's bid for Serck following the early morning option announcement over Rockwell's stake. Finally the column looks at the first fund launched to exploit the new business startup tax relief scheme.

Wettern shareholders vote in favour of Marshalls' offer

SHAREHOLDERS of Wettern Brothers, the construction materials company, yesterday voted overwhelmingly to accept a £1.7m bid from Marshalls (Halifax) for Wettern's subsidiary in the concrete business, the Mono Group. The bid, made on August 24, was an improvement on an earlier offer of £1.3m from Marshalls and beat off a rival bid of £1.65m from Charcon, the Charterhouse Group subsidiary.

Yesterday's vote was not in doubt since a majority of Wettern's shareholders had already by September 3 given irrevocable undertakings to accept the Marshalls bid. Such a majority undertaking was one condition set by Marshalls in August for any provisional deal to be put before an extraordinary general meeting of all Wettern shareholders.

A second condition set by Marshalls on August 24 was that their £1.7m bid should remain secret pending the successful collection of the majority undertaking. The minority of shareholders opposed to the Marshalls bid—representing 10.4 per cent of the votes cast—asked whether acceptance of this condition might not have lost Wettern the the opportunity to attract further rival bids.

Mr Bruce Fireman of Charterhouse expressed his regret at the meeting that some way could not have been found by Wettern to indicate to Charcon that a higher bid might have been appropriate.

Mr R. J. East, chairman of Wettern, insisted that any such indication would have been quite improper following intial agreement with Marshalls to pursue a secret deal. Wettern's management entered into this agreement on the basis of a commercial judgment that Marshalls £1.7m represented the most attractive likely bid.

Mr John Wettern, a former chairman of Wettern Brothers, asked the company's management whether the decision to proceed in this way had been influenced by any other considerations not disclosed in the chairman's statement. Mr East said there were not.

The Wettern chairman suggested that Charcon's failure to review its £1.65m bid prior to September 4 had vindicated his board's decision to accept the Marshalls bid.

Mr Fireman insisted, on Charcon's behalf, that ignorance of the Marshalls bid made this unnecessary—"we don't *bid* against ourselves," he said—and made clear that Charcon believed until early this month that its own bid had been accepted subject to shareholders' agreement.

Hours after publication of the Marshalls bid, on September 4, Charcon made a revised bid of *£1.95m for Mono.*

Marshalls hold 27 per cent of Wettern. The shareholder votes cast yesterday excluded this holding. Nothing was said at the EGM about the future of Marshalls' relations with the Wettern's parent company after the acquisition of Mono, which was completed following the *EGM's approval of the sale.*

Marshalls yesterday issued 1,749,776 new ordinary shares worth £1.5m which were allotted to Wettern in part consideration of the purchase price and have been resold to a group of institutional investors through Savory Milln and Company.

RESULTS AND ACCOUNTS IN BRIEF

MATTHEW CLARK AND SONS (HOLDINGS) (wine and spirit shipper and merchant)—Results for year to April 30, 1981 already known. Shareholders' funds, £8.05m (£5.61m); fixed assets, £3.51m (£3.2m); bank overdraft, £703,410 (£1.56m); net current assets £7.66m (£7.98m). Increase in working capital, £97,183 (£1.3m). Chairman says in light of current recession in wine and spirit trade, it would be foolhardy to be highly optimistic, but he is not altogether despondent about the current year. Meeting, Winchester House, EC, October 7, at noon.

FIVE OAKS INVESTMENTS — Turnover year to June 30, 1981 £287,456 (£307,658). Profit £11,645 (£2,968). Credit extraordinary items £21,383 (£58,375, and tax credit £51,134). Earnings 0.08p (1.1p) per share.

KEEP INVESTMENT TRUST—Interim dividend 0.15p (same) for half year to June 30 1981. Revenue £52,116 (£51,066). Attributable £16,441 (£18,431) after tax £8,391 (£18,666). Earnings per share 0.16p (0.18p).

EL ORO MINING AND EXPLORATION COMPANY — Group profit half year ended June 30 1981 £317,257 (£304,721), before tax £143,388 (£138,731). Group assets, taking investments at market value, £10.2m (£8.92m).—Group profit half year ended June 30 1981 £222,457 (£187,128), before tax £101,355 (£82,353). Group assets, taking investments at market value, £7.38m (£6.64m).

ROBERT M. DOUGLAS HOLDINGS (civil engineer and building contractor) —Results for year to March 31, 1981, reported August 26, 1981. Shareholders funds £22.84m (£20m); net current assets £5.84m (£4.88m); fixed assets £15.39m (same); decrease in working capital £1.17m (£1.21m increase); increase in net liquid funds £3.06m (£475,000 decrease). Meeting: Birmingham, October 7, noon.

Ransomes Sims and Jefferies in the red

LEVELS OF demand for the products of Ransomes Sims and Jefferies below its conservative forecasts, have caused a 22 per cent fall in sales from £27.48m to £21.51m in the first half of 1981 and a dive to losses before tax of £102,000, compared with profits of £1.68m.

However, the interim dividend of this Ipswich based machinery manufacturer is being maintained at 3.14p net per £1 share. Last year a total of 11.14p was paid on taxable profits of £2.32m. Losses per share for the six months are given as 2.25p, against earnings of 22.3p last time, and 49.6p for 1980.

Mr Geoffrey W. Bone, chairman, says the directors expect a return to profitability in the second half. While there are no indications of a return to the pre-1980 levels of activity, he says it would appear that the conditions experienced in the latter part of 1980 and the first half of 1981 are unlikely to deteriorate significantly further and the group can hope for some stability of future demand, albeit at a lower level than the directors would wish.

They anticipate that a major restructuring programme about to be carried out, together with a more *stable level of business,* will lead to progress being made in 1982 and subsequent years.

The restructuring will comprise three main aspects. First, a reorganisation and streamlining of management and staff functions, which will include merging of the previously separate grass machinery and farm machinery *divisions into a single sales* and marketing division.

Second, an acceleration of policies of disengaging from manufacturing processes where the group is not competitive.

Third, as a consequence of this, a reduction of the space occupied by manufacturing operations and the transfer of certain buildings to Ransomes Property Developments for letting or disposal.

Mr Bone says this will be initiated within the next few weeks, and will be accompanied by redundancies at Ipswich amounting to approximately 275 people.

The expenditure associated with these redundancies, as well as those announced earlier in the year, has been charged to extraordinary items for the first half.

The group is confident that its range of products and its forward-looking new product introduction programme, will keep it technically in the forefront of international competition in grass machinery and in tillage and spraying equipment for farmers.

Looking to the six months under review Mr Bone says in May an agreement was concluded with Victa, the largest manufacturer of domestic grass cutting machinery in Australia, to handle the sales and service *of Ransome's professional* grass machinery throughout Australia. Ransomes Australia Pty. has been closed down.

The pre-tax figure was struck after interest charges of £1.47m (£1.55m) and tax took £34,000 (£412,000). After extraordinary debits of £1.6m (£264,000) and minority share of losses of £15,000 (£2,000 *share* of profits) the attributable loss emerged at £1.72m (£978,000 profit).

● comment

The market disappointment at Ransomes Sims move into the red was indicated by the 20p fall in the shares to close at 153p. Ransomes has apparently been caught somewhat by surprise at the depth and length of the UK recession and with a third of its sales overseas the strength of sterling during the period only compounded the misery. In addition despite tighter stock control and the unwinding of working capital the debt service burden remains worrying. The second half has started on a *brighter note with the fall in* sterling giving some relief and signs that the UK market is bumping along the bottom. A pre-tax profit of between £750,000 and £1m for the full year would still leave an attributable loss after payment of £1.6m extraordinary item which consists of redundancies costs plus provision for future job losses. The shares are on a prospective yield of 10.6 per cent.

Tarmac ahead at £14m: lifts payout

TAXABLE PROFITS of Tarmac, the roadstone and civil engineering group, rose by 4 per cent in the first half of 1981 from £13.56m to £14.12m, on turnover down at £413.11m compared with £425.3m.

However, as the directors point out, the pre-tax figure last time included exceptional profits of £1.82m on the disposal of the group's shareholding in Viking Oil. Excluding this figure the *increase is 20.2 per cent.*

The interim dividend is being raised from 5.5p to 5.8p net per 50p share, while last year a total of 16p was paid on taxable profits of £44.02m.

Earnings per share are stated at 17.3p (14.6p).

The directors expect that profits for the year as a whole will *be up on those of 1980.*

Looking at the six months under review they say the building materials and construction industries in the UK have been badly affected by the continuing recession. In spite of this, the quarry products and construction divisions have both improved their profits, compared with the first half of 1980.

Quarry Products has benefited from an encouraging performance in its newly-acquired subsidiaries in the U.S.

After a good start to the year in the housing sector, market conditions have deteriorated in recent months. While sales are up on last year, there has been some pressure on margins and interest costs continue to be high.

The results of the building products side were slightly below the first half of 1980. Properties and industrial divisions' results also came under pressure due to the recession and international contracting's performance was little changed from the previous year.

First half profits were struck after interest payable of £4.96m (£5.1m) and the tax charge was £3.95m (£5.42m). Minorities took £74,000 (£7,000) and after preference dividends of £5,000 (same) and ordinary dividends of £3.42m (£3.07m) the retained profit emerged at £6.66m (£5.05m).

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Beatson Clark .... int.	3	Nov 30	2	—	4
Cakebread Robey ... int.	0.6	Jan 7	0.6	—	2.6
Fisons .... int.	4	Jan 4	6.9	—	10
Pittard Group ...... int.	1.38	Jan 1	1.38	—	4
Ransomes Sims and Jefferies int.	3.14	Nov 16	3.14	—	11.14
Second City Properties...	1.6†	Nov 7	1.6	2.22	2.22
Simon Engineering... int.	4	Dec 31	4	—	12
George Spencer ...... int.	0.1	Oct 27	0.8	—	0.8
Tarmac .... int.	5.8	Nov 6	5.5	—	16
Welbeck Invs. ...... int.	0.75	Oct 30	0.75	—	1.85

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Pittard up sharply in first six months

AFTER FALLING sharply into the red in the second six months of last year Pittard Group has bounced back into the black returning pre-tax profits of £352,295 for the half year to June 30, 1981, compared with £46,182. Taxable losses for the second half of 1980 amounted to £567,582.

The directors say the turnround was achieved primarily because the group did not have to bear the exceptional "stock losses" of last year and the fact that sterling returned to more realistic levels which improved profit margins.

Barring unforeseen circum*stances they are hopeful that the* improvement in profitability will be maintained so that results for the second half will show further progress.

Sales declined in the first half, mostly in export markets, from £10.58m to £8.67m due to the high level of sterling at the beginning of the year. However, the directors believe that provided exchange rates between sterling and other currencies remain at current levels the group will start winning back more export business, particularly where it sells in U.S. dollars.

Tax in the first half took £43,000 (£4,826), leaving the net balance at £309,295 (£41,356).

Stated earnings came through at 3.7p per share (nil) but the interim dividend is being maintained at 1.375p per 25p share—last year a total of 4p was paid.

The directors point out that certain new products were introduced in the first half which are beginning to contribute to an increase in demand and sales margins. In addition they say improvements in productivity have been achieved and will continue to be sought to further the group's competitiveness.

The sale of the Beckenham site has been completed and the proceeds have reduced borrowings to 25 per cent of shareholders' funds. The combination of lower borrowings and interest rates will further decrease bank charges and increase profitability, they add.

The group produces leather for footwear, clothing, furniture and glove manufacturers.

● comment

Pittard is clearly on the road to recovery and confident earnings in the second half will surpass those at the midway stage. Aided by the weakening of sterling sales have started to recover in key export markets, particularly the U.S. where its newly designed semi-waterproof golfers' gloves are selling well. Other new products, such as a softer leather for clothes and waterproof shoe leather, are also making in-roads into overseas markets such as Italy. Capital gearing which peaked last year at nearly 50 per cent has been reduced to 25 per cent thanks mainly to the £1.5m from the sale of the Beckenham site. Borrowing should be cut further by year end bringing a helpful easing of the interest bill. Raw material costs have risen sharply over the past 12 months and there will not be a repeat of last year's £1m stock write-off. The shares rose 3p to 49p at which level the prospective yield is nearly 12 per cent and the fully-taxed p/e is around 10.

Federated Land plans major asset sale

BY WILLIAM COCHRANE

FEDERATED LAND, which sold its housebuilding division earlier this year to concentrate on commercial property development and investment, plans to sell its main asset—the 250,000 sq ft Hempstead Valley Shopping Centre in Kent—to fund its next major shopping scheme at Hanley-on-Trent.

Hempstead was valued at £15½m last December 31, within a total property portfolio of £22.35m, and Federated chairman James Meyer said yesterday that he expected a "significantly higher" figure if and when the property is sold.

Federated is spending £7m on a 100,000 sq ft shopping centre at Leatherhead, in Surrey. It arranged a £5m medium-term loan facility with Grindlays *Bank to help fund the development* costs of this project in February 1980.

The sale of the housebuilding side to Tevis, a private company controlled by the chairman's brother, Mr Peter Meyer, was expected to produce at least £7.4m over a phased period of six years from May 1981.

Federated's borrowings are £13m against net assets of 15m last December and are expected to rise to £14m by the end of this year.

The Hanley scheme, 250,000 sq ft in the town centre, is expected to cost £14½m over three *years, starting in 1982. Mr* Meyer says that Hanley will have a higher rental value than Hempstead, and that the Federated directors "consider it unwise to increase substantially the gearing of the company at the present high level of interest rates" in order to retain both.

Federated's half-year figures, also issued yesterday, show the anticipated decline in profits, to £381,000 before tax against £487,000 at this stage last year.

"In the main," says Mr Meyer, "it relates to the high cost of interest on the Leatherhead Centre as it nears com*pletion, so that the reduction in* total interest payable is not as great as it would otherwise be." Profits were made after interest charges of £937,000, against £1.06m previously.

However, the Federated Board views the future "with optimism," and the interim dividend is held at 1.1p net per share.

Beatson Clark makes strong mid-term headway

A MARKED improvement in pre-tax profits came from Beatson Clark, glass container manufacturers, for the six months to June 27 1981. The pre-tax results rose from £256,000 to £1.21m on turnover slightly up from £12.21m to £13.59m. Pre-tax profits for the last full year were £1.25m.

The net interim dividend is raised from 2p to 3p. Stated earnings per 25p ordinary share rose from 2.3p to 13.3p. Reserves were ahead to £595,000 (£14,000).

However, Mr David B. Clark, chairman, pointed out that the company re-equipment programme will mean increased expenditure, giving rise to higher depreciation and interest charges. *Depreciation this time rose to £974,000 (£876,000),* but interest was down at £35,000 (£56,000).

The rises will mask underlying improvements in productivity which the programme is designed to achieve. Further improvement in margins will depend on the progress of the *programme and on difficult* trading conditions.

Sales of glass containers in the UK in the first half of 1981 were 10 per cent below the same period last year. This was due to the recession and to competition from other materials.

Overseas, the high value of sterling compared with European currencies continued to put pressure on margins. Export sales were only slightly ahead at £3.5m (£3.29m), and home sales were up at £10.08m (£8.93m). Group turnover for the whole of 1980 was £25.51m.

● comment

Beatson Clark shares have been a favourite for recovery for several months, rising from a four-year low of 76p early in the year to a peak of 180p in May *and then settling back to* 148p last week. Yesterday's interim figures showed that the group's profit recovery has come much more quickly than expected, and the shares added 12p to 160p. On only an 11 per cent rise in turnover—and almost no change in volume—pre-tax profits are up *more than four times.* Demand for pharmaceutical bottles, which account for more than half of turnover, fell sharply last year but has held level this year. Beatson is seeing the fruits of heavy spending last year to improve the efficiency of its glassworks as well as significant improvements in work practices negotiated with its workforce. *Employment fell* from 1,350 to 1,250 at the beginning of the year. Meanwhile, increases in sand, energy and corrugated board prices have been offset by rises in selling prices last October and in June. The new Australian subsidiary has made a small profit after a small loss last year. Beatson could match its 1978 profit peak of £2.38m in the full year, with substantial *room for further growth if* demand recovers.

HME chief: difficult to maintain profit level

INDICATIONS suggest that Harrisons Malaysian Estates will have a difficult time in 1981/82 in maintain last year's level of trading profit, Mr J. McLeod, the chairman, tells members in his annual review.

Profitability, however, in the current year *so far* has been assisted by the weakening of sterling against the Malaysian ringgit.

He adds that rubber and palm products crops, for the five months to the end of August, although up to forecast, are running behind those for the same period last year, and the cocoa crop is substantially lower.

"The group, however, has the financial resources to maintain the imeptus of our planned planting and capital expenditure programmes which in the current year are expected to cost some £9m," Mr McLeod states.

As reported on September 10 pre-tax profits of this 80.8 per cent owned Harrisons and Crosfield concern fell from £31.27m to £23.23m for the year ended March 31 1981. Earnings per share were down from 10.43p to 8.88p, but the dividend is stepped up to 11p (8p) net with an unchanged final of 5.5p and a 3p special payment.

Looking ahead to the next few *years Mr McLeod says that plans* are being drawn up for construction of another oil mill on Carey Island estate, a crumb rubber processing plant on Kuala Ketil estate and two cocoa factories at Cashwood and Carey Island estates, involving expenditure in total of some £3m.

He adds that the resiting *of one of the groups latex concen*trate factories is being undertaken at a cost of about £1.5m, and this work is expected to be completed by the middle of 1982.

As at March 31, the balance sheet shows fixed assets of £42.45m (£40.94m), net current assets of £17.33m (£18.15m) and shareholders' funds amounting to *£63.39m, against £63.33m.* There was a £9.28m (£4.85m) increase in net liquid funds.

Meeting, Baltic Exchange, EC, on October 12 at 11 am.

SPAIN

September 18	Price %	+ or −
Banco Bilbao	385	+1
Banco Central	382	+2
Banco Exterior	335	+16
Banco Hispano	331	+3
Banco Ind. Cat.	119	
Banco Santander	385	+1
Banco Urquijo	249	+2
Banco Vizcaya	404	
Banco Zaragoza	270	
Dragados	205	+1
Espanola Zinc	76	
Fecsa	71.5	−0.7
Gal. Preciados	59	+1
Hidrola	81.5	−0.5
Iberduero	58.2	
Petroleos	122	−0.7
Petroliber	82	
Sogefisa	51	
Telefonica	87	
Union Elect.	78	+0.5

King & Shaxson Limited

52 Cornhill, EC3 3PD

Gilt-Edged Portfolio Management Service. Index 21.9.81

Portfolio I Income	Offer	67.82
	Bid	68.22
Portfolio II Capital	Offer	146.36
	Bid	142.09

SIMON ENGINEERING LTD

Food engineering; manufacturing; process plant contracting; merchanting & storage; oil services

Interim Report for the 6 months to 30 June 1981 (unaudited)

	Six months ended 30 June 1981	Six months ended 30 June 1980	Year ended 31 Dec. 1980
	£000	£000	£000
Turnover	155,908	155,227	324,139
Trading profit	5,568	6,296	14,341
Share of profits of principal associated companies	571	330	1,023
Interest receivable less payable	1,297	992	3,949
Profit before tax and extraordinary items	7,436	7,618	19,313
Profit after tax and before extraordinary items	4,505	5,282	13,391
Ordinary Dividend—Interim 4p per share (equivalent, with imputed tax credit, to 5.7143p: 1980—same)	1,041	994	—

The Directors have declared an Interim Dividend of 4p per Ordinary share (4p in 1980) which will be paid on 31 December 1981 to Ordinary shareholders on the Register of Members on 3 December 1981.

An upturn in trading conditions is not yet in sight and continuing uncertainties make it very difficult, even at this stage, to foresee the outcome for the full year. In the absence of any unexpected setback and with the continuing support of a strong balance sheet we should turn in another solid performance.

SIMON ENGINEERING LIMITED CHEADLE HEATH STOCKPORT CHESHIRE SK3 0RT

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

1980-81 High	Low	Company	Price	Change	Gross div. (p)	Yield %	P/E Actual	P/E Fully taxed
114	100	ABI Hldgs. 10pc CULS	114	—	10.0	8.8	—	—
76	39	Airsprung	71	—	4.7	6.6	11.3	15.6
52	21	Armitage and Rhodes	46	—	4.3	9.6	3.8	8.5
200	92½	Bardon Hill	195	—	9.7	4.9	9.8	11.6
104	88	Deborah Services	103	—	5.5	5.3	5.1	9.7
126	88	Frank Horsell	112	—	6.4	5.7	10.1	24.3
110	39	Frederick Parker	61	—	1.7	2.8	26.5	—
110	59	George Blair	58	—	—	—	—	—
102	93	IPC	102	—	7.3	7.2	7.3	11.1
113	58	Jackson Group	104	—	7.0	6.7	3.3	7.4
130	103	James Burrough	123	—	8.7	7.1	9.0	11.3
334	244	Robert Jenkins	309	—	31.3	10.4	4.2	10.8
59	50	Scruttons "A"	58	—	5.3	9.1	8.0	8.3
224	187	Torday	†	—	15.1	8.1	7.2	12.4
23	8	Twinlock Ord.	12½	—	—	—	—	—
80	68	Twinlock 15pc ULS	76	—	15.0	20.0	—	—
56	35	Unilock Holdings	38	—	3.0	7.9	8.8	11.5
103	81	Walter Alexander	91	—	6.6	7.0	8.0	10.6
263	181	W. S. Yeates	251	—	13.2	5.7	4.4	8.9

† Suspended.

THE TRING HALL USM INDEX

115.8 (−3.2)

at close of business 21/9/81

BASE DATE 13/11/80 100

Tel: 01-248 5675

CORAL INDEX

Close 505-510 (−10)

OIL INDEX

December Refined $42.80

January Refined $42.70

UK COMPANIES

Simon Engineering shows little change and repeats dividend

FIRST-HALF pre-tax profits for Simon Engineering were marginally down from £7.82m to £7.44m, for the period ending June 30, 1981. The net interim dividend is the same again at 4p, with a dividend total of 12p and pre-tax profits of £19.31m in the last full year.

Mr H. C. Harrison, chairman, says that an upturn in trading conditions is not yet in sight and continuing uncertainties make it very difficult to foresee the outcome for the full year. However, in the absence of any unexpected setback, and with the continuing support of a strong balance sheet, he expects the group to turn in another solid performance.

Half-year turnover edged up to £155.91m (£155.23m), but trading profit was slightly lower at £5.57m (£6.3m) after higher depreciation of £2.63m (£2.3m). Net interest receivable was up at £1.3m (£992,000), and tax was higher at £2.93m (£2.34m restated). The debit for minority interests increased from £429,000 to £514,000, leaving attributable profits lower at £3.99m (£4.85m).

● comment

Simon Engineering's interim profits—down 2½ per cent pre-tax—are in line with expectations, and the company still hopes to match last year's £19.3m in the full year. But in the current gloomy climate that was not good enough. The shares, which have outperformed the market by about 10 per cent in the past month, tumbled 37p to 375p. The results continue the pattern of the past 18 months—deteriorating trading profits being made up by growing interest income on the large cash balances. Contracting and chemical storage have held up well but the group is suffering from a dirth of orders in food engineering while high interest rates in the U.S. have left the oil services contribution a little down. Simon's net cash balance is down about £7m from the £47.1m level at the year-end, reflecting both the squeeze on margins and the decline in intake of contract progress payments. Improvement in the second half will come from more favourable exchange rates, a first contribution from Koger and Boxbill and a firming of margins in chemical merchanting. The fully-taxed p/e is 12 and the shares yield 4.5 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—APV, Bank of Scotland, Bodycote International, Brixton Estate, DRG, Home Charm, Kleinwort Benson Lonsdale, Laporte Industries, John Menzies, Northern Engineering Industries, United Newspapers, Wadkin.

Finals—Barratt Developments, Electronic Machine, J. and J. Makin Paper Mills, Zetters.

FUTURE DATES

Interims:—

Bardsey	Sept 28
Beauford	Sept 30
Bentalls	Sept 29
Brooke Watson	Sept 24
Laing (John)	Sept 29
Metalrax	Sept 29
Moran (Christopher)	Sept 28
Telephone Rentals	†Oct 21
Throgmorton Sec Growth Trust	Sept 24

Final:—

Highland Distilleries	Oct 26

† Corrected.

Second City advances to £1.29m

TAXABLE PROFITS of Second City Properties advanced from £1.2m to £1.29m in the year to April 30, 1981 on lower turnover of £15.22m compared with £16.54m.

At the half year stage this group, engaged in private and public developments and holding properties as investments, had made pre-tax profits of £566,859 (£533,493) and turnover stood at £7.37m (£8.45m).

The final dividend is being maintained at 1.5961p per 10p share making a same again total of 2.2152p and a one-for-four scrip issue is proposed. Earnings per share are stated at 8.76p (7.25p).

After a tax credit of £31,259 (£207,576 charge) and dividends of £375,117 (£283,110) the retained balance emerged at £945,565 (£712,366).

Welbeck falls sharply at six months

With the textile side being particularly affected by the recession in that field, taxable profits of Welbeck Investments, investment holding concern formerly Corinthian Holdings, fell from £271,713 to £73,141 for the first half of 1981. Turnover was also down for the period at £3.15m, compared with £3.49m previously.

The interim dividend is maintained, however, at 0.75p net—last year's final was 1.1p—and directors point out that they see no reason why the second half should not prove to be better than the first as in past years.

Pre-tax profits for the whole of 1980 were £0.6m.

Surplus for the first half was struck after provisions of £29,398 against £8,403 and subject to tax down from £86,328 to £31,650.

Staetd earnings per 10p share are 0.95p (3.36p).

Allied Designers improves to £84,000 at mid year

PRE-TAX PROFITS of Allied International Designers Group totalled £84,000 for the six months to April 30 1980 on turnover of £988,000. The figures compare with £36,000 and £168,000 respectively for the corresponding period last year. Tax was higher at £44,000, against £19,000.

The group, formerly called United Rubber and Coffee Plantations (1932), purchased Allied International Designers Limited in February 1980 and the results for the first half of the current year relate to that company from February 22 1980 to April 30 1980 and the expenses of the parent company for the entire period but which prior to February 1980 were only nominal.

Foxvale (now AID Research) was acquired in August 1980 and in order to give fairer comparisons between the two periods appended results show trading profits of the two subsidiaries for the six months to April 30 1981 of £117,000 (£88,000) on turnover of £935,000 (£755,000). No account has been taken of the results of DVW Microelectronics which was acquired in April this year.

The directors, who say they are "very confident" about the future, are looking for like-minded companies to join them, and have a number in mind.

As forecast there is no interim dividend, but it is hoped that a final of at least 0.25p net per share will be paid.

The company provides management services in innovation, design and new product development. Its shares are dealt in on the Unlisted Securities Market.

Cakebread moves ahead to £352,750

TAXABLE PROFITS rose at Cakebread Robey and Co. from £312,315 to £352,750 for the half year to June 30 1981. Turnover for this builder and timber merchant was lower, going from £8.05m to £7.59m, and tax was up from £162,000 to £183,400.

The net interim dividend is held at 0.6p against a full year payment last time of 2.6p. Owing to the impracticability of this year's stocktaking, the gross margin for both half years has had to be estimated.

In the directors' view the second half is unlikely to produce more profit than the first half, and certainly most unlikely to equal the second half of 1980, when the pre-tax figure was £576,540 (£565,967). Taxable profits for the last full year were £888,855 (£851,300).

G. Spencer losses rise to £38,000

DEPRESSED trading pushed pre-tax losses up at George Spencer from £22,000 to £38,000 for the half-year ending June 27, 1981. The net interim dividend is reduced from 0.8p to 0.1p, which is a nominal payment to retain trustee status—last year's final was passed. Stated earnings per ordinary 25p share remained at 0.8p.

The group manufactures leisurewear and knitwear.

Group turnover was slightly down at £6.06m (£6.13m) and trading profit was reduced to £31,000 (£66,000).

Interest payable was lower at £69,000 (£86,000) and taxation was slightly less at £43,000 (£45,000).

Loss came out at £55,000 (£100,000) after dividends of £6,000 (£49,000).

Great efforts needed to maintain Pifco share

MR A. D. WEBBER, chairman of Pifco Holdings, stresses the need to make great efforts during the present recession to maintain the company's share of the market.

The effort is needed, he says, because "we see no signs of an upturn in the economy."

The group's principal activities are the production and marketing of its own range of branded personal care appliances, electrical housewares and battery operated products.

In the last nancial year ended April 30 1981 the group achieved an increase in turnover from £14.63m to £17.07m, and profit before tax rose by some £200,000 to £2.2m.

Mr Webber says business is becoming increasingly hard and customers are unwilling to make long-term forward commitments, and now operate on a shorter stock cover basis.

To cope with its expanding range of products Pifco has acquired additional space.

BTR makes it third time unlucky for Serck

BY RICHARD LAMBERT, FINANCIAL EDITOR

For the third time in well under four years, Serck, the UK engineering group, finds itself on the wrong end of an unwelcome takeover bid. BTR's approach follows offers by Associated Engineering in 1977—which was dropped after a reference to the Monopolies Commission—and by Rockwell of the U.S. in 1980, which was spiked on anti-trust grounds by the U.S. Department of Justice.

Serck is as keen as ever to retain its independence. And BTR's offer of 60p cash per share is well below the paper value of the Associated bid (worth 88p per share at the time) and of Rockwell's offer of 77½p cash. But Serck has been suffering badly under the impact of the UK recession—it passed its interim dividend in May—and BTR has gained a head start as a result of yesterday's share raid.

BTR, which in the past four years has made over two dozen takeover bids at a cost of roughly £150m, has held a small stake in Serck for some time. But Mr Owen Green, its managing director, said yesterday that his interested in an outright bid following the breakdown of the group had only become seriously Rockwell deal.

That bid, Mr Green said, had shown that Serck was for sale at a price (the UK group had accepted the terms "albeit with reluctance"). In addition, BTR's development in the valves business through Worcester Controls, which it had bought in 1977, had enabled it to appreciate the significance of Serck on the world market in terms of technology and international coverage.

BTR was also becoming increasingly involved in engineered components, Mr Green added. Serck's heat exchange business was interesting in this context.

Serck Audco Valves is much the most important business in the group. It has annual sales of around £50m and capital employed of about £27m, which in both cases represents roughly half the group total.

About half the sales in this subsidiary are made up of plug valves for gas and oil pipelines, in which Serck—along with Rockwell—is a world leader. Serck also has an important position in butterfly valves for liquid gas and other uses, and makes process ball valves in a range comparable to Worcester's. In addition, it is involved in control valves and instrumentation, power actuators and a number of associated products.

Some 28 per cent of Serck's total sales go to the process industries. Vehicle services and assorted heavy engineering each take another quarter.

Worcester's annual sales are just over $100m, of which about half come from the U.S., a third from the UK and the rest mainly from elsewhere in Europe. It concentrates on ball valves and actuators at the smaller end of the product range, and appears to be a much more profitable business than Serck, with profit margins estimated at 15 per cent or more.

Serck's profits have been falling fast in recent years. During the battle with Associated Engineering—which was mainly interested in Serck's heat transfer business—it forecast profits of over £9m for the year to September 1977.

But from a peak of £9.3m pretax in that year, profits fell away to just £3m in 1979-80, and in the first half of the current year Serck only made £215,000 pretax. The group hoped to do better in the current half, but warned that there were no consistent signs of a revival.

Mr John Pinckard, the chief executive, said yesterday that Serck had considerably reshaped its business in recent years. Ten years ago, it had been mainly concentrated in the UK, supplying traditional industries like shipbuilding, power generation, steel and motor manufacturing. As those sectors had declined, Serck had switched its efforts in the general direction of the oil and gas industries which now accounted for a very substantial part of its turnover.

It had moved out of long established business, like tubes and radiators, and had built up new activities like supervisory controls and filtration products associated with oil wells, it which it was a world leader.

"It had been our intention to announce at the end of this financial year that the rationalisation and restructuring of Serck was largely completed," Mr Pinckard added.

For BTR, this represents the first sizeable bid in the UK since its unsuccessful offer for Bestobell in 1979. But this does not mark a change in direction after the recent push into North America. According to Mr Green, "We are still looking for something big in the U.S."

BIDS AND DEALS

Northern Foods set to raise interest in Avana to near 18%

BY REG VAUGHAN

Northern Foods, the Hull based food, dairy and brewing group, plans to increase its holding in Avana Group, the Cardiff cake manufacturer baker and confectioner, from 8.95 per cent to 17.95 per cent at a cost of £7.57m.

This has been made possible under a share option deal with Sir Julian Hodge, the chairman, who is severing his connections with the company after 30 years.

Northern — which has held a stake in Avana for the past eight years — has entered an option agreement with Sir Julian, and four other directors, giving Northern the right to acquire in November 3,028,222 shares (equal to around 9 per cent) at 250p per share.

At this level Avana is valued at £61.9m. On the London Stock Exchange yesterday Avana fell 12p to 238p while Northern lost 3p at 142p.

Mr Nicholas Horsley, chairman of Northern, said yesterday that the option would certainly be taken up. But, he stressed, there was "no chance of a bid" for the company. However, the group is likely to take its stake up to 20 per cent so that it can be consolidated in the accounts.

Mr Horsley said "Sir Julian approached us a few days ago with the offer of the option because he wanted to retire." He said that the two companies had been trading together for a "very long time" and the company had "done very well indeed." The management team under Dr J. S. Randall was a "very good one," he added.

Avana is a leading supplier of cakes and pies to Marks and Spencer while Northern is Marks and Spencer's largest food supplier, with pork pies, cream cakes, dairy desserts and biscuits and milk.

Mr Horsley said that the business links between Northern and Avana have been steadily growing over the years. "No dramatic changes are planned" but the business will continue to grow.

Sir Julian said that the reason for the option agreement was that Northern wanted some sort of tie, while he did not want to retire until November.

Sir Julien said that November was a "good month" for him. He joined the Avana Group in November 1951 and sold his Hodge Group to Standard Chartered Bank in November 1973.

He said it was a "natural link" to offer the shares to Northern. The two companies "are all friends together." They have substantial trading links which could "get closer and greater" as a result of the deal. He said it would be of "tremendous advantage" to Avana shareholders.

Sir Julian (who is 77) said that the share deal was a "healthy thing to do. I am too old to go on much longer."

The deal has been cleared by the Takeover Panel. Under new rules announced by the Council for the Securities Industry last October no one may purchase, within any period of one week, 5 per cent of the voting capital of a company, other than from a single shareholder, if the purchase would take the buyer's holdings (including any existing holding) to 15 per cent or over.

The deal has been allowed because the bulk of the stake acquired (8.2 per cent) came from a single holder—Sir Julian.

The rest of the Avana stake came from four other directors of Avana—Mr H. W. Morris (deputy chairman), Mr W. P. Thomson, Mr J. R. Taylor and Mr H. M. Gwyther.

When the option agreement is taken up Sir Julian and the four directors intend to resign from the boards of all the Avana Group companies. At the same time Northern would appoint someone to join the Avana board in a non-executive capacity.

Avana, which acquired the Robertson Foods group after a fierce bid battle at the beginning of the year, showed profits up from 4.15m to £5.19m in the year ended March 31 1981, on a turnover of £43.3m (£38.3m).

Northern's profits for the year to September 30 1980 rose from £25.4m to £30.5m, on a turnover of £582m (£364m). In the first half of the current year profits rose from £14.81m to £17.19m.

STROUD RILEY ACQUISITION

Stroud Riley Drummond has acquired for £520,000 cash, the property, plant, and machinery and stocks of J. Haywood and Sons, from Tootal.

Haywood is a worsted manufacturing business based at Marsh Mills, Huddersfield, and in the year ended January 31, 1981 it suffered a pre-tax loss of £220,000.

BARDSEY OFFER

Bardsey has proposed to make an offer of 70p per share for each 7 per cent cumulative preference share of £1 in RCF following Bardsey's recommended offer for the issued ordinary share capital of RCF Holdings.

The board of RCF, who have been advised by J. Henry Schroder, Wagg and Co, intend to recommend the offer to preference shareholders. Accepting preference shareholders will also receive a dividend of 2.45p per share payable on September 30 1981 for the six months to that date. This offer is conditional upon the offer for the ordinary shares being declared unconditional. Bardsey does not hold any RCF preference shares.

Costain Group buying U.S. coal properties for $72m

R. L. Burns Corporation has approved an agreement in principle to sell a portion of the company's coal properties to a U.S. unit of Costain Group of London for US$72m, Reuters reports.

Burns says it also will set up with the Costain unit, Costain Holding Inc, an equally owned joint venture called Pyro Mining Co to manage the coal properties.

The agreement, which calls for the payment of US$60m in cash at the closing and another US$12m over a five-year period, will substantially improve its financial position, says Burns.

SECURITY CENTRES

Security Centres Holdings has purchased Huet Security, Dublin, for a total consideration of Irish punts 150,000.

This will be satisfied by the allotment of 117,960 ordinary shares valued at 108p each.

JEFFERSON SMURFIT SETS UP IN CANADA

THE U.S. subsidiary of Jefferson Smurfit, the Irish packaging group, is to set up its first plant in Canada.

The U.S. subsidiary, Alton Packaging Corporation, will open a $1.5m factory in Kingston, Ontario, to make and distribute paper tubes and cores. Alton Packaging will also start a $5m expansion at its corrugated container plant in Miami.

Jefferson Smurfit, which set up its first U.S. plant in 1974, also has plants in the UK and Australia as well as in Ireland, where it was established 50 years ago. The group now has a world wide turnover of some £400m, and 75 per cent of its assets are outside Ireland.

BREMAR TRUST

Bremar Trust has completed arrangements with Mr A. J. Anstey, Mr R. W. Kretting and Old Leadenhall Enterprises—a company controlled by Mr M. G. L. Jerrom—to acquire from them a 51 per cent interest in Commercial and Capital Leasing.

CCL is principally engaged in commercial and financial lease broking for companies and individuals.

Lex Service Group sells hotel

Lex Service Group, the Volvo and BL car distributor, has completed the sale of the Royal Orleans Hotel in New Orleans to Dunfey Hotels Corporation for $10.5m (£5.7m).

Lex has already announced its intention to pull out of the hotel industry because the business was not capable of showing the return on capital that the company required.

The company moved into the hotels in the early seventies as a way of reducing its dependence on the motor trade.

The sale price of the Royal Orleans compares with a net book value of $8.3m at December 28 1980. Its profit before tax and interest for the year to that date was $1.7m. The cash from the sale is payable in January 1982.

The sale follows the disposal of two of its three UK hotels last December to Penta Airport Hotels, part of the internationally owned European Hotel Corporation, for £14.5m.

The company said yesterday that negotiations continue in the U.S. for the sale of Lex's remaining hotel in that country, the International Hotel at Baltimore/Washington Airport.

If this sale is successful the group will be left with the Carlton Tower Hotel in Central London which is managed and operated by Lex under a long term agreement with the owners, the Proteus Group.

In May this year the group announced the acquisition of Schweber Electronics Corporation of Long Island for $48.75m.

LONDON TRADED OPTIONS

Sept. 21. Total Contracts 1351. Calls 1018. Puts 333

Option	Exercise price	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	April Closing offer	Vol.	Equity close
BP (c)	280	12	27	24	19	34	1	275p
BP (c)	300	3	25	15	56	24	1	"
BP (c)	320	1½	—	9	9	—	—	"
BP (c)	330	—	—	—	—	16	3	"
BP (c)	380	½	—	3	11	—	—	"
BP (c)	410	¼	—	1½	15	—	—	"
BP (p)	280	15	20	17	5	28	—	"
BP (p)	300	27	25	32	2	42	2	"
BP (p)	320	44	35	44	3	—	—	"
CU (c)	160	5	—	12	—	16	4	162p
CU (c)	180	3	26	7	—	9	—	"
Cons. Gld (c)	460	53	—	65	2	83	—	508p
Cons. Gld (c)	500	20	4	43	—	65	2	"
Cons. Gld (c)	550	5	17	20	2	40	4	"
Court'lds (c)	60	5	4	7	—	9	—	67p
Court'lds (c)	70	1	—	3	2	6	—	"
GEC (c)	700	32	5	57	10	85	—	709p
GEC (c)	750	10	6	32	—	52	—	"
GEC (c)	800	1	8	15	—	32	1	"
GEC (c)	850	¾	—	6	—	15	11	"
Gr'd Met. (c)	180	7	69	16	7	23	—	175p
Gr'd Met. (c)	200	2	—	8	1	14	—	"
Gr'd Met. (c)	220	1	—	6	—	8	1	"
Gr'd Met. (p)	180	12	—	15	13	19	—	"
Gr'd Met. (p)	200	26	—	29	—	31	2	"
Gr'd Met. (p)	220	47	—	48	3	50	—	"
ICI (c)	260	15	5	27	—	36	—	264p
ICI (c)	280	5½	22	18	4	24	1	"
ICI (c)	300	1½	—	10	6	14	—	"
ICI (c)	330	1	1	3	1	—	—	"
ICI (p)	260	8	14	15	—	19	—	"
ICI (p)	280	21	7	22	—	26	—	"
ICI (p)	300	40	10	42	—	46	—	"
Mks & Sp (c)	110	14	1	—	—	—	—	354p
Mks & Sp (c)	120	5½	2	11	20	17	11	"
Mks & Sp (c)	130	2	111	7	47	12	100	"
Mks & Sp (c)	140	¾	—	4	21	7	2	"
Shell (p)	360	8	41	19	6	30	1	114p
Shell (c)	390	4	4	11	—	20	1	"
Shell (p)	330	5	10	14	—	—	—	"
Shell (p)	360	18	—	28	—	32	2	"
Shell (c)	420	76	3	80	—	78	—	"
		November		February		May		
Imperial (c)	60	3	14	6½	—	7½	2	59p
Lasmo (c)	460	37	2	47	—	60	1	440p
Lasmo (c)	500	10	—	32	1	44	—	"
Lasmo (c)	600	5	—	10	1	17	—	"
Lasmo (c)	650	2	—	4	2	—	—	"
Lonrho (c)	90	1½	—	4½	12	6	20	81p
Lonrho (c)	100	½	5	2	—	—	—	"
Lonrho (p)	90	11	15	12	—	14	—	"
Racal (c)	330	60	1	77	1	—	—	418p
Racal (c)	390	37	3	63	46	—	—	"
Racal (c)	420	18	59	38	—	60	—	"
Racal (c)	460	8	—	20	2	32	—	"
Racal (p)	360	3	1	7	—	—	—	"
Racal (p)	390	9	36	18	31	—	—	"
Racal (p)	420	20	41	32	60	35	—	"
Racal (p)	460	52	12	57	—	62	—	"
Racal (c)	500	90	10	95	1	100	—	"
RTZ (c)	420	92	5	—	—	—	—	499p
RTZ (c)	500	28	1	60	—	85	—	"
RTZ (c)	550	16	30	35	—	57	—	"
RTZ (c)	600	8	52	25	—	30	—	"
RTZ (c)	650	5	5	10	—	—	—	"

C=Call P=Put

Chairman's statement

Hartebeestfontein Gold Mining Company Limited

Incorporated in the Republic of South Africa

Substantial capital expenditure planned, including new shaft from surface

Despite a decline in gold recovery from 32 213 kilograms in 1980 to 31 426 kilograms in 1981, earnings for the year amounted to R118m (1980: R123m) and dividends paid remained unchanged at 1 025 cents per share. Results were adversely affected by lower uranium profits than in the previous year as well as by a steep escalation in costs. However, revenue from gold increased due to the higher average gold price received and this helped to offset the effects of lower grade and higher costs. Capital expenditure was lower than had been planned and had the effect of improving earnings.

In past reviews members have been informed of an inevitable decrease in the grade of ore mined as operations moved towards the western section of the mine. The average grade for the year was 10,5 g/t compared to 11,2 g/t in 1980 and a gradual downward trend is expected to continue in the future. The rate of decline has been contained to some extent by relatively high values obtained in the area tributed from Vaal Reefs Exploration and Mining Company Limited as well as by maintaining the waste sorting rate. Improved plant treatment processes in recent years have significantly reduced gold residues and this has also had a beneficial effect on the overall recovery grade.

Substantial capital expenditure is planned for the future and to assist in its financing retained profits have been increased to R17 788 000. Some degree of retention is considered necessary against the background of an uncertain gold price and the effects of inflation aggravated by delays in completing projects arising in the main from the critical shortage of skilled workers in mining and allied industries and difficulties in obtaining timeous delivery of equipment. These factors were largely responsible for the mine's inability to complete its 1981 capital expenditure programme of R30 million, of which only R17 million was spent and may also affect the R25 million programme for the current year. The major capital projects currently envisaged are an additional surface shaft situated close to the existing No. 6 Shaft, to which reference was made last year, together with its ancillary works and infrastructure. These include hoisting, ventilation and refrigeration facilities and, for black employees, a large single quarters complex and accommodation for some 400 married workers. Installation of experimental radiometric sorting equipment is also proceeding and this could well lead to the erection of a large scale sorting facility and an additional treatment plant to handle low grade ore.

On the manpower front, as has been the case in recent years, there was no difficulty in filling complements in the unskilled category and it is pleasing to note the increasing numbers of workers who are making a career in mining. The working and living conditions of all employees are continually being improved and updated. All conditions of employment including fringe benefits are constantly reviewed, the objective being the achievement of a common code of employment practice for all workers. Many constraints both of a legal and attitudinal nature exist, but hopefully these need only be considered as temporary barriers to more rapid progress. Reference has already been made to the shortage of skilled workers and this problem is not capable of rapid solution as it involves considerable training over a prolonged period. Some progress in alleviating the shortage has been made as a result of an overseas recruiting project but the longer term solution must lie in developing the requisite skills from within the country.

During the year members were informed of the Company's intention to suspend reclamation and treatment of accumulated slimes in order to limit the lock-up of cash in uranium stocks. This has been achieved but no further cuts in production are envisaged as the Company has several long-term contracts to meet.

In the current year it is planned to mill ore at a similar rate to that achieved in 1980/1981 and a further small drop in grade is anticipated. Neither the level of the gold price nor the Rand/U.S. Dollar exchange rate, which has a significant effect on revenue, can be predicted. Furthermore, the rise in costs continues and is now becoming accentuated by the need to repair, replace and maintain the Company's plant and equipment, much of which is almost 30 years old. Having regard to these factors, it is not possible to forecast earnings for the 1982 financial year.

Basil E. Hersov *Chairman*

The annual general meeting of members will be held at Anglovaal House, 56 Main Street, Johannesburg, at 11h00 on Wednesday, 21 October, 1981.

MINING NEWS

Higher profits at Minorco

BY GEORGE MILLING-STANLEY

THE BERMUDA-registered Minerals and Resources Corporation (Minorco) has announced net profits for the year ended June 30 of $171.77m (£96m), which translates into earnings per share of $1.43.

The figures for the previous 12 months were $114.82m and $1.28 a share, but the results are not directly comparable following the big reorganisation of Minorco earlier this year.

That reorganisation involved the injection into Minorco of assets then valued at just over $800m from various parts of Mr Harry Oppenheimer's Anglo American Corporation of South Africa group.

It was intended to turn Minorco into Anglo's vehicle for new acquisitions in the mineral and natural resources fields outside South Africa, with particular emphasis on North America. The declared aim was to make the Bermuda company self-financing.

The final dividend is an unchanged 16 cents a share, making a total for the year of 22 cents against 20 cents last time, with the current payments being made on greatly increased capital. These payments were forecast by Mr Oppenheimer at the time of the reorganisation, and he said they would be followed by a total of at least 30 cents a share in the following year.

The net profit is struck after extraordinary debits of $14.61m, against a credit on this account last time of $2.41m. The source of these debits has not yet been made clear.

Minorco's major holdings include a near-30 per cent stake in England's Consolidated Gold Fields, acquired as a result of the controversial "dawn raid" on that company by Anglo and its sister company De Beers.

Apart from that, Minorco controls Hudson Bay Mining and Smelting of Canada, and has holdings of 27 per cent each in Engelhard Corporation and Phibro, which emerged out of a restructuring of Engelhard Mineral and Chemical a few months ago.

Total investments, including quoted investments at market value, stand at $1.87bn, up from $1.02bn at the last year-end.

The shares lost 30p to 485p in London in advance of the results yesterday, the lowest they have been this year.

Amax seeks partners to develop coal resources

THE LEADING U.S. mining company Amax is looking for a partner to help it finance the more rapid development of its American coalfields.

Mr Pierre Gousseland, chairman and chief executive, said yesterday that the possibilities of joint ventures were being discussed with a number of companies, reports Philip Rawstorne from Vienna.

Mr Gousseland said that Amax has established successful joint ventures in aluminium and iron ore and these enlarged the scope of its business and accelerated profit gowth.

Coal reserves stand at 3.3bn tonnes and the company can now see similar opportunities on that side of its operations.

"With the right partner, who would bring added capital to our experience and resources, we could increase the scale of operations and reap far greater benefits," Mr Gousseland said.

Amax, which is the third largest coal producer in the U.S., expects to become "a significant supplier" to Europe and Japan during the 1980s, Mr Gousseland added.

HAMPTON AREAS BUYS MORE NEW COURT

The UK-registered Hampton Gold Mining Areas has increased its holding in New Court Natural Resources to 1,770,000 ordinary shares and 402,500 rights units following the purchase of a further 450,000 ordinary shares.

Hampton Areas now controls 10.14 per cent of New Court. The company's original holding was announced on August 26.

BASE LENDING RATES

A.B.N. Bank	14 %	■ Guinness Mahon	14 %
Allied Irish Bank	14 %	■ Hambros Bank	14 %
American Express Bk.	14 %	Heritable & Gen. Trust	14 %
Amro Bank	14 %	■ Hill Samuel	§14 %
Henry Ansbacher	14 %	C. Hoare & Co.	†14 %
■ Arbuthnot Latham	14 %	Hongkong & Shanghai	14 %
Associates Cap. Corp.	14 %	Knowsley & Co. Ltd.	14½%
Banco de Bilbao	14 %	Langris Trust Ltd.	14 %
BCCI	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	Mallinhall Limited	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Beneficial Trust Ltd.	15 %	National Westminster	14 %
Bremar Holdings Ltd.	15 %	Norwich General Trust	14 %
Bristol & West Invests.	15 %	P. S. Refson & Co.	14 %
Brit. Bank of Mid. East	14 %	Slavenburg's Bank	14 %
■ Brown Shipley	14 %	E. S. Schwab	15 %
Canada Perm't Trust	14½%	Standard Chartered	‖14 %
Cayzer Ltd.	14 %	Trade Dev. Bank	14 %
Cedar Holdings	14 %	Trustee Savings Bank	14 %
■ Charterhouse Japhet	14 %	TCB Ltd.	14 %
Choulartons	12 %	United Bank of Kuwait	14 %
Citibank Savings	¶13 %	Whiteaway Laidlaw	14½%
Clydesdale Bank	14 %	Williams & Glyn's	14 %
C. E. Coates	14 %	Wintrust Secs. Ltd.	14 %
Consolidated Credits	14 %	Yorkshire Bank	14 %
Co-operative Bank	*14 %		
Corinthian Secs.	14 %		
The Cyprus Popular Bk.	14 %		
Duncan Lawrie	14 %		
Eagil Trust	14 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	14 %		
Antony Gibbs	14 %		
Grindlays Bank	‡14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11.5%, 1-month 11.75%. Short term £8,000/12 months 14.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12% and over £50,000 12½%.
‡ Call deposits £1,000 and over 11.5%.
§ Demand deposits 11½%.
‖ 21-day deposits over £1,000 12½%.
¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Last	Feb. Vol.	Last	May Vol.	Last	Stock
GOLD C	$425	1	50	—	—	—	—	$482
GOLD C	$450	16	33	24	64	2	78	"
GOLD C	$475	17	22	8	42	—	—	"
GOLD C	$500	23	12	9	30	—	—	"
GOLD C	$550	50	3.50	—	—	—	—	"
GOLD P	$375	—	—	10	4	—	—	"
GOLD P	$400	10	3	—	—	—	—	"
GOLD P	$425	3	5	7	10	5	15	"
GOLD P	$450	9	12	18	18	2	24.50	"
		Sept.		Dec.		March		
GM C	$45	—	—	20	1⅛	—	—	$44⅛
		Oct.		Jan.		April		
AKZO C	F.22.50	55	1	50	2.40	—	—	F.22.80
AKZO C	F.25	—	—	179	1	10	1.80	"
AKZO C	F.27.50	—	—	11	0.50	—	—	"
AKZO P	F.20	10	0.30	—	—	—	—	"
AKZO P	F.25	42	2.50	15	2.60	—	—	"
HEIN C	F.50	15	1.30	—	—	—	—	F.48.40
HEIN P	F.55	21	2.50	—	—	—	—	"
HOOG C	F.17.50	—	—	—	—	12	1.70	F.16
IBM C	$50	—	—	10	6⅝	—	—	$54¼
KLM C	F.80	24	10.30 B	—	—	—	—	F.90.30
KLM C	F.90	150	5	45	9.50 A	—	—	"
KLM C	F.100	153	1.50	151	6.60	—	—	"
KLM C	F.110	53	0.50	39	3.50	—	—	"
KLM C	F.120	32	0.30	—	—	—	—	"
KLM C	F.130	16	0.20	—	—	—	—	"
KLM P	F.80	119	1.50	—	—	—	—	"
KLM P	F.90	182	4	61	6.30 B	—	—	"
KLM P	F.100	135	11	—	—	—	—	"
KLM P	F.110	64	20.50	31	22.50	—	—	"
NEDL C	F.140	24	3.50	36	6.50	—	—	F.136.50
NEDL C	F.150	70	1	—	—	—	—	"
NEDL P	F.160	—	—	15	2.30	—	—	"
NEDL P	F.140	57	6	—	—	—	—	"
NEDL P	F.150	52	14 B	—	—	—	—	"
PHIL C	F.15	20	4.60	—	—	—	—	F.19.90
PHIL C	F.20	385	0.90	50	1.60	44	2.30	"
PHIL C	F.22.50	50	0.20	277	0.80	88	1.50	"
PHIL C	F.25	—	—	11	0.40	145	0.80	"
PHIL C	F.27.50	—	—	33	0.30	—	—	"
PHIL P	F.17.50	70	0.20	—	—	—	—	"
PHIL P	F.20	420	0.80	56	1.40	15	1.70	"
PHIL P	F.22.50	72	2.80	—	—	—	—	"
PHIL P	F.25	—	—	23	5.20	—	—	"
RD C	F.80	295	1.30	113	4.80	12	7.50	F.74.70
RD C	F.90	41	0.30	85	1.80	—	—	"
RD C	F.100	—	—	75	0.90	32	2	"
RD P	F.80	376	6.80	40	6.50	33	7.80 B	"
RD P	F.90	56	15.50	70	15.50	25	15	"
UNIL C	F.150	11	1	—	—	—	—	F.141
UNIL P	F.130	20	0.60	—	—	—	—	"
UNIL P	F.135	132	1.60	—	—	—	—	"
UNIL P	F.140	194	3.80	—	—	—	—	"
UNIL P	F.150	11	10 A	35	18.50	—	—	"
		Nov.		Feb.		May		
BASF C	DM.140	—	—	10	9.60	—	—	DM131.5

TOTAL VOLUME IN CONTRACTS 5887

A=Asked B=Bid C=Call P=Put

IC Industries launches $480m Sunbeam bid

BY DAVID LASCELLES IN NEW YORK

IC INDUSTRIES of Chicago yesterday offered to buy Sunbeam Corporation for approximately $480m, a bid which will greatly expand its interests in consumer durables.

Sunbeam, which is also based in Chicago, makes a wide range of household electrical appliances, including shavers and lawnmowers, and has operations in Europe.

Sunbeam said yesterday that the IC bid, which was unsolicited, would be considered by the board and that shareholders would be advised of their opinion. He gave no indication of when the board would publish its opinion.

IC proposes making an immediate $32 a share cash tender offer for 7.25m of Sunbeam's roughly 15m outstanding shares, which with the shares already held would give it a 53 per cent holding. The tender price represents a substantial premium on the $20 to $21 at which Sunbeam shares have recently been trading on the New York Stock Exchange. The remaining 47 per cent of Sunbeam would later be exchanged one-for-one for IC stock, which has a share market value of about $31 a share.

Mr William B. Johnson, chairman of IC, described the proposed merger as "an outstanding business combination."

IC is at its core a railway company—it owns the Illinois Central and Gulf Railroad—but its steady diversification in recent years has reduced railway revenue to about a quarter of the total and has taken it into a broad range of businesses: packaged food, beverages, refrigeration equipment, appliances and motor servicing and parts. Sales last year reached $6.6bn and net profits were $205m.

Sunbeam, one of the world's largest manufacturers of small household appliances, had sales last year of $1.5bn and profits of $80m. Its overseas subsidiaries include Rima and Sunbeam Electric in the UK and Rowenta in West Germany. Business has been strong recently, particularly in the U.S., where consumer demand has held up despite the high level of interest rates and the decline in the housing industry.

Citibank pulls out of Far East Bank

By Kevin Rafferty in Hong Kong

CITIBANK, the largest bank in the U.S., has agreed in principle to pull out of the Far East Bank, a Hong Kong bank with 25 branches, in which it has a controlling interest. The assets of the bank are about HK$1bn (U.S.$170m) and Citibank owns 76 per cent and the Chiu family 24 per cent.

Under the outline deal the Chiu family will regain control of the bank and keep its name and licence and the two sides will split the branches between them in accordance with their equity positions.

The agreement, which may still take some time to work out because of permissions needed from the Hong Kong and American authorities, will end years of fighting over the direction in which the bank should go. Citibank wanted to concentrate on specific business such as real estate financing, whereas the Chiu family wanted to provide full banking services.

World Bank lifts target for borrowing to $7bn

NEW YORK — The World Bank expects to raise between $7bn and $8bn in the fiscal year ending next June 30, at substantially higher rates than in the previous fiscal year, according to Mr Eugene Rotberg, the bank's treasurer, Reuter reports.

In the last fiscal year, it borrowed sums equivalent to $5.07bn at an average cost of 9.1 per cent.

Presenting the bank's annual report to journalists here, Mr Rotberg said it has borrowed $1.4bn equivalent so far this fiscal year at an average 10.1 per cent, and that borrowing costs will be "much higher for the remainder of the year."

Mr Rotberg said that unless the bank raises $7bn or $8bn, it will have to draw down on the $10bn or so that it keeps in liquid investments.

At present exchange rates the World Bank intends to borrow mainly in Swiss Francs and Yen and to limit its dollar borrowings to what it needs for swaps and for hedging.

Total borrowings outstanding came to $27.8bn at June 30, compared with $29.7 a year earlier.

The total in dollar terms declined during the year, despite the $5.07bn of new borrowing, because of the dollar's substantial appreciation during the period.

By currency, borrowings outstanding in dollars totalled $9.56bn against $9.82bn a year before.

Borrowings in Deutsche Marks dropped to $7.02bn equivalent from $8.81bn and in Swiss francs to $4.92bn from $5.43bn.

Borrowings in yen rose to $4.70bn from $4.13bn and in other currencies to $1.59bn from $1.48bn.

David Tonge adds: The World Bank is raising its lending rate from 10.6 per cent to 11.6 per cent on October 1. The move is in response to higher borrowing costs and comes three months after the bank last raised its rate, also by 1 per cent from 9.6 per cent.

Ericsson's $40m Eurobond withdrawn

By Alan Friedman

THE RECENTLY launched $40m 14½-year convertible Eurobond for L. M. Ericsson was withdrawn from the market yesterday as share prices in Stockholm continued to fall.

The decision to postpone was taken by lead-managers Svenska Handelsbanken, S. G. Warburg and Skandinaviska Enskilda Banken because of what one banker termed "the unsettled nature of equity markets." The lead-managers also admitted last night that the issue for Ericsson, a leading Swedish telecommunciations group, had not been selling well. Ericsson's share price stood at SKr 176 last night against SKr 186 a week ago at the time of the issue's launch.

The Ericsson bond had already been reduced from $45m to $40m in the wake of the 10 per cent devaluation of the Swedish krone last week.

Meanwhile, the $30m 15-year convertible for Aga, the Swedish industrial and medical gas company, was reported to be selling well. Lead manager Hambros Bank expects to price the issue on Thursday.

Elsewhere in the Eurodollar sector, prices were marked up ¼ point, although some seasoned issues increased by ½ point or more.

A $75m seven-year floating rate note was launched for Dome Petroleum, the Canadian energy group. Lead manager is Societe Generale and the interest rate is to be ¼ point above the six-month London interbank offered rate.

As expected, a $50m issue to 1988 was launched for Credit Lyonnais. The issue, lead-managed by Arab Banking Corporation and Credit Lyonnais, carries a minimum coupon of 5¼ per cent and the rate of interest will be ¼ point above the six-month Libor rate.

In the D-Mark sector, all eyes were focused on the West German Capital Markets Subcommittee, which met last night. The outcome of the meeting should be known this morning, but traders in Frankfurt were expecting a small calendar with around three new issues.

Foreign bond prices in the D-Mark sector were put up ¼ point in moderate trading as the strength of the D-Mark against the dollar continued to encourage the market.

In Zurich, the strength of the Swiss franc (yesterday's closing rate was SwFr 1.91 to the dollar) also encouraged the foreign bond market and prices of recent issues increased by ½ point. The average rise was ¼ point.

Today sees the launch of a SwFr 80m ten-year issue for the Inter-American Development Bank through lead-manager Credit Suisse. The issue, which may be increased up to SwFr 100m, is expected to yield around 8¼ per cent.

The SwFr 65m ten-year issue for the City of Gothenburg was priced yesterday at 99¼ by lead-manager Union Bank of Switzerland. The issue's coupon is 8¼ per cent, suggesting a yield of 8.33, slightly lower than expected.

Visa launches money market fund in U.S.

By Our Banking Staff

VISA INTERNATIONAL, the world-wide payment systems company, yesterday became the latest organisation to launch a money market fund in the U.S. The new fund follows similar recent announcements from Sears Roebuck, the U.S. retail giant, and MasterCard International, the other major payment systems group.

As soon as the Visa fund is registered with the Securities and Exchange Commission, Visa member banks in the U.S. will offer customers a programme tied to the yield on 90-day U.S. Treasury bills.

The fund is designed to invest primarily in certificates of deposit (CDs) of participating members. Management advice will come from the Alliance Capital Management Corporation, an investment firm with around $11bn of assets under management.

The Visa fund will carry an indemnification feature by a combination of sources: Visa itself, a major insurance company and a reserve to be created by Visa member banks.

In London, Mr Joao Ribeiro da Fonseca, president of Visa's European operations, revealed yesterday that the worldwide launch of Visa's "premium card" — an up-market card for travel and entertainment —had been postponed from November 1 to next February.

"We came to the conclusion that to rush would not be a good tactic," he explained. Mr da Fonseca added that there had been "a great deal of interest" in the new card, but would not name any banks which may participate.

Petro-Lewis to purchase oil group for $485m

BY OUR NEW YORK CORRESPONDENT

PETRO-LEWIS, the Denver-based oil company specialising in acquiring oil and gas properties for investors, is to buy a large Houston energy concern, McRae Consolidated Oil and Gas, for about $485m.

This is the largest acquisition yet for Petro-Lewis, which has steadily been amassing properties in the U.S. for production and exploration.

Terms of the latest deal, which is currently in the form of a letter of intent, are $31 in cash for each of McRae's 15.6m outstanding shares. McRae shares have recently been trading at around $27.

McRae's properties lie mainly in Louisiana, where the company also owns a gas transmission pipeline. McRae earned $6.6m on revenues of $78m in the six months ending last February, an increase of about 15 per cent on the same period last year. For Petro-Lewis, net income for the nine months to March 31 was up from $15.67m to $25.21m.

Petro-Lewis has specialised in buying properties and then bundling them together in production partnerships which it sells to individual investors, while retaining a 15 per cent interest. But the company also explores and produces in its own right, and has become a significant force in the energy property market.

Earlier this year it bought a 17 per cent interest in a Californian offshore oil field from Occidental Petroleum for $227m, which took total outlays for the June 30 year to $717m, of which its oil partnerships accounted for more than $427m. A $250m partnership has since ben formed for the California field.

For the year to June 30 Petro-Lewis improved its own corporate reserves to 58.4m barrels of oil equivalent, excluding the field interest acquired from Occidental. Development spending in its own right last year totalled $47m and will rise to about $60m this year, while exploration spending will almost treble from $11.5m to $32m in the current year.

Cities Service buys back shares

BY OUR FINANCIAL STAFF

CITIES SERVICE COMPANY, the oil and gas concern which has been the subject of takeover speculation during the recent bout of energy takeovers in the U.S., is to buy for $307m the 7.2 per cent stake in itself held by Nu-West Group of Canada.

Cities Service is to pay $51 each for the £6.02m share holding built up by Nu-West in the spring. This compares with the roughly $45 a share, or $272m total, paid by Nu-West. It also compares with a recent trading price of almost $42 for Cities Service shares, although the stock recently has traded as high as $69 as a result of takeover speculation.

As part of the agreement between Cities Service and Nu-West, the two companies will drop their various legal claims against each other and Nu-West will not buy any further shares or seek to influence the running of Cities Service for five years.

Last month Nu-West said it was considering selling its stake because of the increasing cost of the borrowings supporting its purchases. As well as a possible sale of the shares to Cities Service, it also hinted it might sell the stake to Mesa Petroleum, a U.S. oil group which had built up a 4 per cent holding in Cities Service, and which was later included in the law suits against Nu-West. These actions against Mesa are not affected.

Although Nu-West, a Calgary-based real estate group with oil and gas interests, originally said it bought the stake as an investment, it also considered building up a stake large enough to force Cities Service to swap its Canadian oil and gas interests for the holding.

This tactic proved successful for Dome Petroleum, the Canadian energy group, which earlier this year swapped a stake in Conoco for that company's 53 per cent interest in Hudson's Bay Oil and Gas.

Strong first quarter at General Mills

By Our Financial Staff

FIRST QUARTER results of General Mills, a leading factor in the packaged foods industry, have jumped by 44 per cent, from 1980s corresponding $44.2m to $64.6m, while sales increased 24 per cent, from $1.09bn to $1.35bn.

At the per share level net earnings advanced from 88 cents to $1.27. For the whole of the fiscal year ended May 25, net earnings totalled $170m or $3.37 a share, and the quarterly dividend was raised from 37 cents to 41 cents a share last June.

Mr H. B. Atwater, president and chief executive, said that refinancing a portion of the group's longterm debt—$36m of sinking fund debentures were purchased last June—contributed 10 cents a share to the first quarter's earnings. The 1981 figures include Lifo charges of 6 cents a share, against 8 cents last year, and also include foreign exchange losses of 7 cents a share against 2 cents previously.

The Minneapolis-based group, which has established important positions in other consumer related areas including crafts, games and toys, furniture, clothing and restaurants through a string of acquisitions in recent years, said its consumer foods unit volume sales increased by more than 10 per cent.

Mr Atwater added that the company expects to have a record year but reckons that the rates of gain over the remainder of the year will be "substantially below" the first quarter level.

Shareholder sues Foremost

FOREMOST-McKESSON, the diversified drug, foods and industrial group, has been sued by one of its shareholders over last year's $65.2m repurchase of the 1.6m shares in the company held by Mr Victor Posner's Sharon Steel, Reuter reports from San Francisco.

The suit alleges that Foremost and its directors wasted the company's assets in the deal and seeks $6m from the directors and a return of the profits on the deal from Mr Posner and Sharon. Foremost said the suit had no merit and that it would fight the action.

French Bank rights issue

By Jim Jones in Johannesburg

FRENCH BANK, the South African commercial bank which is 54.5 per cent-owned by Banque de l'Indochine et de Suez and 30 per cent by Gencor, the mining house, is to raise R2.52m ($2.67m) with a rights issue of 2.5m ordinary shares at 105 cents each. Details of the issue are due to be announced in a few weeks, but at present the bank has 8m ordinary shares in issue each of 50 cents par value.

Goodrich halts pvc plants

BY OUR FINANCIAL STAFF

B. F. GOODRICH Company, the fourth-largest U.S. tyre maker and the largest producer of polyvinyl chloride (pvc) in the U.S., has suspended construction of pvc and vinyl chloride monomer plants.

The new facilities at its Convent, Louisiana, works, originally had been scheduled for completion in 1983 but Goodrich said it had now changed its estimates of a recovery in pvc demand until the second half of 1982 rather than late this year or early next year.

However, it pointed out that the delay in completion of the new plants did not reflect a change in its outlook for growth in pvc demand over the decade.

Goodrich's non-tyre operations, in chemicals, plastics, rubber and engineered products, have for some time contributed more to sales and profits than its traditional activities. In 1980 tyres accounted for 42 per cent of sales of $3.08bn and 43 per cent of net income of $61.7m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday October 15.

Closing prices on September 21

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
CIBC 14½ 84	185	95½	95¾	+0¼	+1½	16.62
CIBC 15¾ 86	75	96⅝	95¾	+0⅛	+0½	16.30
CNA 15¾ 96	75	89¾	90½	+0⅛	+0¾	17.12
CNE 13⅞ 91	100	80⅛	80⅝	+0⅛	+0¼	17.04
Citicorp Int. Fin. 15 86	150	96	96½	+0¼	+1¼	16.13
Citicorp O/S 15½ 84	175	98¾	99¼	+0⅛	+0⅞	16.63
Cities Service 17 88	150	101¾	102¼	—	—	16.49
Con. Illinois 14⅞ 84	100	95¼	95¾	+0½	+0¼	16.78
EEC 14¾ 93	85	89⅞	90⅜	+0⅛	+1⅛	16.67
EIB 12¾ 89	75	84	84½	+0¼	+1½	16.49
EIB 16½ 88	100	98¾	99¼	—	—	16.76
Eldorado 13¼ 86	50	88⅞	89⅜	+0⅛	+0¼	16.81
Elec. de France 13 88	125	85⅛	85⅝	+0⅛	+0¼	16.88
Fed. Bs. D. 15¾ 84 (J)	40	98⅝	99⅛	+0⅛	+0⅛	16.18
Finland, Rep. of 9½ 86	100	77⅝	78⅛	0	+0⅞	16.86
Ford Cr. O/S Fin. 16 84	150	99⅛	99⅝	0	+0¼	16.18
Ford Cr. O/S Fin. 16 85	150	97⅞	98⅜	0	+0½	16.72
Gaz de France 13½ 86	80	89⅞	90⅜	+0¼	+0¼	16.82
GMAC O/S Fin. 12⅞ 88	100	85¾	86¼	−0⅛	+0⅞	16.53
GMAC O/S Fin. 14¾ 87	100	93⅛	93⅝	0	+1⅛	16.56
Genstar 14¾ 91	50	92⅝	93⅛	+0¼	+0¼	16.21
Hiram Walker 16 86	50	100½	101	+0⅛	+0⅛	15.69
IBM Wld. Trade 14⅞ 84	100	100⅝	100⅞	+0⅛	+0⅞	14.37
IBM Wld. Trade 14¾ 85	60	99⅜	99⅞	+0¼	+0⅛	14.84
Nat. Bk. Canada 15¾ 84	40	97⅜	97⅞	+0⅛	+0¼	16.29
Newfoundland 13½ 90	60	85	85½	+0¼	+0½	16.86
Nova Scotia 15 91	75	92⅜	92⅞	+0¼	+0⅞	16.53
Ontario Hydro 13½ 91	100	86⅛	86⅝	0	+0¼	16.33
Pacific Gas Elec. 16 88	75	101⅜	101⅞	+0¼	+1	15.56
PGNH Int. Fin. 17 86	30	98¾	99¼	−0⅛	+0⅛	17.28
Royal Bk. Canada 14 86	100	93½	94	+0½	+1½	15.84
SNCF 13 91	75	82¾	83¼	+0⅛	0	16.52
Shell Canada 15¾ 91	100	97⅜	98⅛	0	+0¼	16.19
Sth. California 14 87	50	94⅛	94⅞	+0¼	+0⅛	15.44
Sth. California 14¾ 88	50	94⅝	95⅛	+0⅛	+0⅜	16.06
Sven Handlsbk. 13⅞ 88	45	88	88½	+0⅛	+0⅞	16.77
Swed. Ex. Credit 13 86	75	89⅛	89⅝	+0⅛	+1⅛	16.75
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	83½	84	+0⅛	+0⅛	11.91
SOFTE 8¾ 89 EUA	40	77¾	78½	−0⅛	−0⅛	12.99
U. Bk. Nwy. 9½ 90 EUA	18	86¾	88⅛	−0⅛	−0⅛	12.17
Algemene Bk. 10¼ 86 Fl	60	93	93½	+0⅛	+0⅛	12.26
Amro Bank 12 86 Fl	75	99⅛	99⅝	+0½	+1½	12.15
Heineken NV 10 87 Fl	100	90⅛	90⅝	+0⅜	+0½	12.38
Nat. Nedrlndn. 10 88 Fl	80	93	93½	+0⅛	+0⅛	11.53
Ned. Midd. Bk. 10 85 Fl	75	93⅛	93⅝	+0⅛	+0⅛	12.15
Pierson 10⅛ 86 Fl	50	92⅛	92⅝	0	+0⅛	12.50
Rabobank 12 86 Fl	50	98	98½	+0½	+0½	12.47
Air France 14½ 86 FFr	200	89	90	−0⅛	−0⅛	17.96
Bk. America 14½ 86 FFr	250	88⅞	89⅞	−0⅛	0	17.99
Charb'nages 13⅞ 85 FFr	400	88⅞	89½	−0⅛	+0⅛	17.85
EIB 14¼ 88 FFr	300	85⅛	86⅛	−0⅛	0	17.91
La Redoute 14¾ 85 FFr	125	86⅛	87⅛	−0⅛	+0⅛	18.91
[illegible]						

DEUTSCHE MARK STRAIGHTS [illegible]

SWISS FRANC STRAIGHTS [illegible]

YEN STRAIGHTS [illegible]

OTHER STRAIGHTS [illegible]

FLOATING RATE NOTES [illegible]

CONVERTIBLE BONDS [illegible]

[illegible]

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CIT-Alcatel in transatlantic move

BY TERRY DODSWORTH IN PARIS

CIT-ALCATEL, the French electronics company, launched its long-awaited expansion bid in the U.S. yesterday in a deal which will give it 25 per cent of Lynch Communication Systems, the quoted telecommunications group.

The French company, majority-owned by the CGE electrical group, which is due to be nationalised, will pay $14.45m for its stake in Lynch.

CIT said yesterday that it expected no opposition to the deal from the French authorities, although it has still not received formal approval. According to present French foreign exchange regulations, the company will be required to borrow 75 per cent of the cash required for the acquisition on the international market.

Under the agreement with Lynch, CIT will be the sole subscriber to a new equity injection of 850,000 shares at $17 a share, compared with a market price currently of almost $7.

This will give the French company 25 per cent of the American concern, with an option to raise its stake to 40 per cent over a five-year period through further subscriptions at a rate of $25 a share or $30 after 1984.

CIT's expansion in the U.S. comes only a month after Thomson-CSF, the second of the large French electronics companies, was forced to abandon an attempt to set up a joint company with Continental Telephone. The American company blamed this failure partly on the nationalisation measures in France, which will include Thomson-Brandt. Thomson-CSF's parent company, but CIT-Alcatel says it envisages no such problem in its own case.

M Georges Pebereau, the head of CIT, said yesterday that the company wanted to expand in the U.S. because it was a large market for advanced electronically-based telecommunications equipment.

The aim will be to give Lynch access to the French company's telecommunications and information processing equipment in the U.S. CIT-Alcatel has already adapted its E10 electronic exchange switching equipment for the American market, but lacks a distribution network, while Lynch has recently had to abandon its own attempt to develop similar digital equipment.

At the same time, Lynch will be able to distribute some of its own products through CIT's international network.

The deal comes just as Lynch is entering a recovery period after its plunge into net losses of $2.6m last year, when its sales dropped from $50.4m to $39.5m. CIT made net consolidated profits last year of FFr 65.7m ($11.6m) on a turnover of FFr 8.1bn.

Equity accounting boosts TNT profit

By Our Sydney Correspondent

Thomas Nationwide Transport, the Australian-based international transport group, lifted net operating earnings 32.3 per cent to a record A$53m (US$61.8m), in the year to June 30, and the directors forecast that annual profits of the group would reach A$100m within three years.

The year's dividend is unchanged at 12 cents on capital expanded by two one-for-five share issues during the year. Directors also announced yesterday another one-for-five issue at 50 cents a share, to raise A$17.8m with allocations to stockholders to be made on a one-for-five basis.

The improvement in the company's results came mainly from increased equity accounted earnings, which were up from A$6.2m to A$19.83m—largely as a result of the group's 49.97 per cent interest in one of Australia's two domestic airlines, Ansett Transport Industries. The other half of Ansett is owned by Mr Rupert Murdoch's News group.

TNT's share of Ansett's pre-tax profit was about A$25m, but the figure after interest charges and tax was only A$8m, or about 15 per cent of the total group profit.

Other major sources of equity income were from the shipping group's McIlwraith McEachern and Bulkships.

Group revenue for the year was up 26.2 per cent to A$1bn (US$1.16bn). The revenue does not, however, include the share of gross revenue applicable to equity accounted profits included in the consolidated net operating profit.

Sir Peter Abeles, the group's chairman, said half the group's revenue was generated offshore, although domestic Australian operations still accounted for 60 per cent of earnings. The company was now one of the four largest operators in the Atlantic container trade, he claimed, with more than 15 per cent of the market.

The group's North American shipping operation was increasing its market share after the merger of the Seatrain group with Trans Freight Lines.

Profits were struck after tax of A$33.5m, against A$26.2m, and interest charges of A$27.8m, compared with A$18.8m. An extraordinary loss of A$8.9m arose, however, from the adverse exchange rate movement in the Australian dollar.

Record tonnages and numbers of consignments were handled in Australia. Trading in Canada started poorly, it is said, but became stronger as the year progressed, finishing on a confident note.

John Fairfax ahead despite higher interest

By Our Sydney Correspondent

JOHN FAIRFAX, the Sydney-based media and publishing group, managed a 16.5 per cent profit increase from A$9.74m to A$11.35m (U.S.$13.1m) for the year to June 28, despite a substantial increase in interest charges.

The dividend total has been increased from 9.25 cents to 9.75 cents a share and there will be a special "bonus" dividend of 1.25 cents a share paid to celebrate the 150 years of publication of the *Sydney Morning Herald*.

The results would have been better had it not been for an increase in interest costs from A$10.08m to A$16.03m, mainly on funds borrowed to purchase a 14.9 per cent interest in the Herald and Weekly Times of Melbourne.

The shares were purchased in 1979-80 as part of the defence of the Melbourne Herald group after Mr Rupert Murdoch's News Group made a take-over offer for the company.

It was the return of A$2.11m on the Herald shares that helped lift investment income in 1980-81 from A$4.3m to A$6.06m, but it did not cover the higher interest costs.

Group sales were up by 15.3 per cent from A$329.06m to A$379.52m. Depreciation took A$10.33m compared with A$10.08m and tax absorbed A$6.76m against A$6.18m. Minority interests accounted for a further A$1.86m against A$1.72m.

Italian bank plans share issue

BY JAMES BUXTON IN ROME

BANCA Nazionale del Lavoro, Italy's biggest bank, is working on a scheme to sell shares to the public.

Attempts to raise new capital from its controlling shareholder, the Italian Government, have run into problems at a time when BNL needs new funds to bring capital into line with levels of trading.

At the end of 1980, deposits totalled L39,400bn ($34bn) whereas paid up capital stood at L60bn, its level of the past 10 years.

In February this year, the Italian Parliament authorised the Treasury to contribute its share of a BNL capital increase to L300bn, which the board had first voted on back in 1979. However, the Government has indicated that it is unlikely to be able to pay over the first instalment of the increase, due by the end of this year.

Given the doubts over the state's ability to take part in the financing exercise, BNL is working on a scheme whereby part of the increase would be subscribed by the public.

Dr Nerio Nesi, the bank's chairman, said yesterday that the Treasury had accepted in principle the idea of its shareholding in BNL declining from 86 per cent to 55 per cent.

The bank is trying to devise a form of equity which would not require a change in the legal status of the bank—not wishing to put itself at the mercy of Parliament. Currently the bank is not a Societa per Azioni (public company) and is not quoted on the bourse.

Dr Nesi said he expected the bank to issue some form of non-voting shares next year. The amount of money the Government would need to stump up would therefore be reduced, while the public would be able to share more in the profits of Italy's state-dominated banking system.

Last year was a good year for the Italian banking industry and at BNL profits improved to L34.8bn. The banks were the star performers in the Milan stock market boom which came to an end in June.

Ago seeks U.S. majority stake

BY CHARLES BATCHELOR IN AMSTERDAM

AGO, the Dutch mutual insurance company, plans to acquire a majority stake in Life Investors of the U.S. despite opposition from the company's management.

Ago has made a $51m tender offer from 1.5m additional Life Investors shares at $34 a share and will thereby acquire a 56.4 per cent stake. Ago already has 42 per cent of the Cedar Rapids, Iowa, company which it acquired on the open market and in a three-stage purchase agreement for a total of $148.2m over the past three years.

Ago said it had approached Life Investors with a proposal to raise its stake to a majority and has discussed how this might be done, despite objections from the U.S. management.

The Dutch company wants to retain the U.S. management if they are prepared to co-operate but believes that a "comfortable" majority stake is needed to protect its position.

Ago was already the largest shareholder and was anyway in effective control, an official said. The Dutch company has no plans to increase its stake further. A continued listing on the over-the-counter market will mean Life Investors can continue to issue stock options.

The Ago tender will be open until October 22 though if sufficient shares have been offered it will close on September 30. It has not been made conditional on a minimum number of acceptances.

Life Investors is the first step in the internationalisation of Ago's business, though no further takeovers are planned immediately. The large joint stock insurance companies in the Netherlands have expanded abroad, particularly in the U.S. In recent years, most acquisitions have been agreed in advance with the U.S. managements, although Life Insurance Company of Georgia initially rebuffed a bid from Nationale-Nederlanden, the largest Dutch insurer.

Ago made a net profit of Fl 76m ($30m) on turnover of Fl 1.79bn in 1980. Life insurance premium income was Fl 674m, non-life Fl 535m and investment and other income Fl 578m. The total value of life insurance written was Fl 32.3bn.

Life Investors made a net profit of $15.3m on $295.1m turnover last year and had $9.1bn of life insurance outstanding.

The Australian Government has given conditional approval for Nationale-Nederlanden of Holland to take up a 50 per cent holding in Mercantile Mutual Holdings, a major Australian insurance company. Mr John Howard, Federal Treasurer, said the Government considered substantial benefits were offered *by the move*.

Nationale - Nederlanden, which already holds a 4 per cent interest in Mercantile Mutual, plans to merge its general and life insurance operations with those of the Australian company. Mercantile Mutual holds a leading position in the Australian general insurance industry and also has significant interests in life assurance, finance companies and other non-bank financial operations.

Schindler expects modest improvement in earnings

BY JOHN WICKS IN ZURICH

SCHINDLER HOLDING, the Swiss lift and escalator concern, expects a "slight improvement" in profits for the current year — after a rise of more than 52 per cent in group earnings to SwFr 22.3m ($11.4m) in 1980.

In the first half of this year total billings were up 11.9 per cent over the corresponding 1980 period to SwFr 707.2m. Sales of lifts and escalators were up 13.3 per cent to SwFr 596.1m and sales of mechanical handling systems, rolling stock and other equipment rose 4.8 per cent to SwFr 111.1m.

There has been a sharp rise in orders for lifts and escalators so far this year, particularly from the U.S. and other non-European markets, and Switzerland itself. New orders rose by as much as 23.8 per cent in the first half, reaching SwFr 794.6m and bringing total orders on hand at mid-year to more than SwFr 1.5bn.

Citibank makes foreign breakthrough in Finland

BY LANCE KEYWORTH IN HELSINKI

CITIBANK, the largest U.S. bank, will be the first foreign bank to establish a subsidiary in Finland under the 1979 amendment to the Banking Act which for the first time permitted foreign banks to establish here. Its capital will be FM 20m ($4.4m).

The new bank will be subject to the same rules as Finnish commercial banks. This should allay Finnish banking fears of the threat of foreign competition. Citibank will not accept deposits from the public, but will concentrate on the business and industrial sector, and forex dealings.

The 1979 amendment to the Banking Act has not brought a rush of applications to establish in Finland. It permits foreign commercial banks to found subsidiaries, but not branches. The Market is still closed to foreign savings and co-operative banks.

Chase Manhattan of the U.S. and the French bank, Indosuez, are thought to be the next in line to establish in Finland.

Hitachi sets five-year plan to triple pre-tax profits

BY JOHN MAKINSON

HITACHI, Japan's leading manufacturer of integrated electrical machinery, expects to double parent company sales and more than to triple pre-tax income in the five years to March 1987.

The targets are contained in an unpublished corporate plan, recently approved by Hitachi's management board. It assumes that profits before tax will grow by 10.4 per cent to Y130bn ($575m) in the current financial year, while sales should rise 13 per cent to Y2,200bn ($9.7bn).

According to Mr Yasuo Miyauchi, an executive managing director of Hitachi, growth is expected to be particularly rapid in microchips, computers, measuring instruments and consumer electronics. Capacity will be increased in all these areas and the company does not expect that internally generated funds will be sufficient to cover its investment in capital projects and research and development.

Hitachi plans to make up the shortfall principally through the issue of convertible debt and of equity, both in Japan and on the international capital markets. The company has not yet laid firm plans for external financing, but Mr Miyauchi envisages that the parent company's net bank borrowings will be at least halved from the present level of Y100bn over the five years, and may be eliminated altogether.

The company's equity base should, therefore, be strengthened, with paid-in capital expected to incretase by about 17 per cent over the period. Making no allowance for convertible debt, earnings per share should rise 2.7 times compared with growth of about 3.2 times in parent company pre-tax profits.

Hitachi is one of several Japanese companies on which limits to foreign ownership have been imposed. In Hitachi's case, foreigners are permitted to hold up to only 30 per cent of the company's shares.

Mr Miyauchi does not expect that this limit will inhibit the company's plan to raise capital overseas. He says that foreign ownership is at the moment only around the 20 per cent mark, and believes that the Ministry of Finance might permit an increase in the ceiling if necessary. Mr Miyauchi said that the company wantde to broaden its financing base in line with the Hitachi's increasingly international sales and earnings profile. As part of the five-year plan, parent company export sales are expected to increase from 29 per cent to 35 per cent.

● More Japanese companies are expected to pay an interim dividend this year, reflecting a growing expectation of business recovery in the business year ending March 31, 1982, the Tokyo Stock Exchange has said, reports Reuter.

An exchange survey showed that of 699 companies listed on the Tokyo and Osaka exchanges which have adopted an interim payment system, 482 will pay such a dividend, compared with 379 last year. But, the number includes 82 banks which changed their reporting period to one year this year, from every six months last and were not included in last year's figures.

Eight electric power companies will pay an interim this year for the first time in two years, and four major shipbuilders will also do so—after a four year absence—Mitsui Engineering and Shipbuilding, Hitachi Shipbuilding, Ishikawajima-Harima and Sumitomo Heavy Industries.

Malaysian estates sale by Barlow

By Our Kuala Lumpur Correspondent

TWO MALAYSIAN groups—Permodalan Nasional, the Government's investment agency, and Perlis Plantations, the sugar-based group—are to acquire 70 per cent of estates in Malaysia owned by Barlow Holdings, of the UK, in a cash deal worth 107m ringgit (U.S.$46m).

Perlis announced that it is to pay 45.99m ringgit to Barlow for a 30 per cent stake in Barlow Plantations Berhad, while Permodalan will acquire 48 per cent on the same cash terms.

Barlow Plantations owns 35,473 acres of estates, with a value of 151.5m ringgit, plus investment with a book value of 1.8m ringgit.

The average annual pre-tax profit of the plantations during the past five years has been 11.6m ringgit.

The Barlow deal comes less than two weeks after Permodalan acquired a 50.4 per cent stake in the Guthrie Corporation in a dawn raid on the London stock market.

By selling to Permodalan and Perlis, Barlow Holdings has complied with the Malaysian Government's policy of reducing foreign stakes in Malaysian companies to 30 per cent.

MUI refused permission to acquire HK properties

BY WONG SULONG IN KUALA LUMPUR

PLANS BY Malaysian United Industries (MUI), the Malaysian conglomerate, to acquire properties worth HK$870m (US$145m) in Hong Kong have been abandoned following the refusal of the Capital Issues Committee (CIC) to approve the deals.

Last June, MUI announced that it was buying parts of the 17-storey East Ocean Centre in Kowloon from the Chueng Kong Property group for HK$600m, while MUI's 77 per cent owned subsidiary, Central Sugars, was to buy the 21-storey Advance Building from Sung Hung Kai Securities for HK$270m.

The purchases were to be made through shares issues, with MUI issuing 16.87m new shares, valued at 15 ringgit ($6.4) each, while Central Sugars was to issue 11.51m of its shares valued at 10 ringgit each.

The deals however were subject to the approval of the Malaysian Government's CIC, which scrutinises all acquisitions, mergers, and share issues by Malaysian companies.

In rejecting the MUI property deals, the CIC said they would have had the immediate effect of diluting the earnings of both MUI and Central Sugars. MUI said it would not appeal to the CIC to reconsider.

In another development, MUI officials confirmed that the group was having discussions with Glen Holdings to try to find a solution over their dispute on the sale of two hotels in Singapore.

Glen Holdings had agreed to sell Hotel Malaysia and Ming Court to MUI in exchange for 7.2m MUI shares valued at 15 ringgit each, but later said MUI had broken its part of the deal by agreeing to give minority shareholders of the two hotels a cash option equivalent to S$21 (US$9.8) per MUI share.

MUI has threatened Glen Holdings with legal action. The discussions between the two groups are believed to centre on a suggestion by Glen Holdings that it might be agreeable to part with the two hotels for a part cash part share offer from MUI.

● Esso Production Malaysia (EPMI), a subsidiary of Exxon of the U.S., will invest about 900m ringgits (U.S.$384m) this year and for the next several years in Malaysia in various projects, Mr Gerald F. Cox, the chief executive of EPMI, said.

Since the company signed a contract with the Malaysian Government owned National Petroleum Corporation (Petronas) in 1976, total investment has amounted to 2.65bn ringgits.

EPMI is currently producing 115,000 barrels of oil from its field in the South China Sea off Trengganu and Sabah states. Since the contract was signed EPMI has discovered 11 oil fields and 28 gas fields as opposed to four oilfields before the agreement. It has sunk 113 oil wells.

This year's programme includes the installation of two additional platforms in the Trengganu fields; the development of three new oilfields; and the preparation for a 150-mile pipeline from the offshore production area to an onshore facility which can store 2bn barrels of oil. The pipeline would be ready in 1983.

Disposal boosts Genting

By Our Kuala Lumpur Correspondent

OPERATING PROFITS of Genting Berhad, Malaysia's diversified casino group, slowed in the half year to June, but a substantial gain from the sale of investments boosted net profit to 76.6m ringgit (U.S.$33m) from 21.5m ringgit.

Operating profits advanced by 12.5 per cent to 44m ringgit, on turnover 55 per cent higher at 113m ringgit. After tax profit was 13 per cent higher at 24.6m ringgit and an unchanged interim divided of 5 per cent is declared.

As in previous years, Genting has not provided a breakdown of results in the company's various activities, but it is likely that its estates were hit by poor commodity prices, while earnings from the casino and hotels could also have been eroded by higher costs.

However, earnings have been boosted by a profit of 52m ringgit from the sale of the group's equity in Harrisons and Crosfield, to the Malaysian Government investment agency, Permodalan Nasional.

Carrian buys control of HK taxi fleet

BY KEVIN RAFFERTY IN HONG KONG

A MEMBER of the rapidly expanding Carrian Group, Carrian Travel Services, which has diversified interests, has bought a 70 per cent interest in Gainforce, which runs a small fleet of Hong Kong taxis. The deal will give Carrian 300 taxis, but it is planned to boost the fleet to 3,000 by purchases of new licences. At present there are about 9,000 Hong Kong taxis.

A price of HK$110m (US$18.5m) was paid for the stake in Gainforce, consisting of a HK$20m cash premium plus a share injection of HK$90m, which works out at about HK$300,000 a taxi—well above the current rate.

Taxi licences are sold by auction and though they have been trading at HK$260,000 or more each, the average bid in the latest tender is understood to have been about HK$170,000. On top of that the vehicle would cost HK$40,000. For Carrian, however, the move means a breaking into the market.

The company plans to identify its taxis with the Carrian logo, and to enter a promotion campaign with competitions for the best driver of the month. At the moment most Hong Kong taxis are owned by individuals and there is little to distinguish one from another.

Carrian Travel Services has been growing rapidly recently and, through its two subsidiaries selling outbound tours, claims to cater for almost 20 per cent of the tourists leaving Hong Kong. In Hong Kong it recently bought the Empress Hotel and has coach and tour services.

Mr Kenneth Kao, chairman of Carrian Travel, said the acquisition was part of the policy of providing a full range of visitor facilities or customers in all the company's major markets. The facilities include air and land transportation, hotels, and food and beverage outlets in several destinations served by Carrian Travel.

Kowloon development for Peninsular Hotel group

BY OUR HONG KONG CORRESPONDENT

HONGKONG and Shanghai Hotels, owners of the prestigous Peninsula Group, has acquired a minor hotel in Kowloon in the first step towards a major redevelopment of the site and an adjoining plot it already owns.

The company paid HK$365m (U.S.$61m) for the 20-year-old Merlin Hotel in Hankow Road from Crescent Investments Company, a private company controlled by Mr Kevin Hsu, a Hong Kong jewellery magnate. The deal was for cash with deferred terms.

Plans for developing the sites, which include the adjoining Peninsula Court, an annexe to the Peninsula Hotel, hinge on the company gaining vacant possession of the Merlin in May next year when its management contract expires.

It is planned to build a new hotel, office and commercial complex on the 23,600 sq ft site and, according to Hongkong Hotels, a detailed scheme should be announced within the next three months.

Mr Hsu, who dropped plans for redeveloping the Merlin himself when Hongkong Hotels stepped up its interest, recently bought two hotels in Canada—the 740 room Skyline Hotel in Toronto and the 200 room Holiday Inn in Calgary — in a bid to diversify his holdings.

Although he now owns close to 3,000 hotel rooms in North American and Southeast Asia, his business interests still centre on a chain of jewellery shops in Hong Kong.

The latest development will not delay plans for redeveloping the historic Repulse Bay Hotel on Kong Kong island which is due to be demolished early next year to make way for residential flats.

Hongkong Hotels is still waiting for a decision by the government on how large a premium it plans to levy to grant a change of use for the site. Recent estimates put it as high as HK$400m.

Tat Lee Bank well ahead

BY GEORGIE LEE IN SINGAPORE

TAT LEE BANK, one of the smaller Singapore banks, has reported a 46 per cent rise in group pre-tax profit to S$14.6m (US$6.9m) for the half year ended June 1981. Pre-tax profit of the bank itself went up by 41 per cent to S$11.8m.

Another local bank, the Overseas Union Bank (OUB) has announced the opening of an agency in Los Angeles, California. The new agency will be the bank's 20th office outside Singapore and its 50th worldwide.

OUB has an international branch and agency network covering Malaysia, Brunei, Hong Kong, Tokyo, London and New York.

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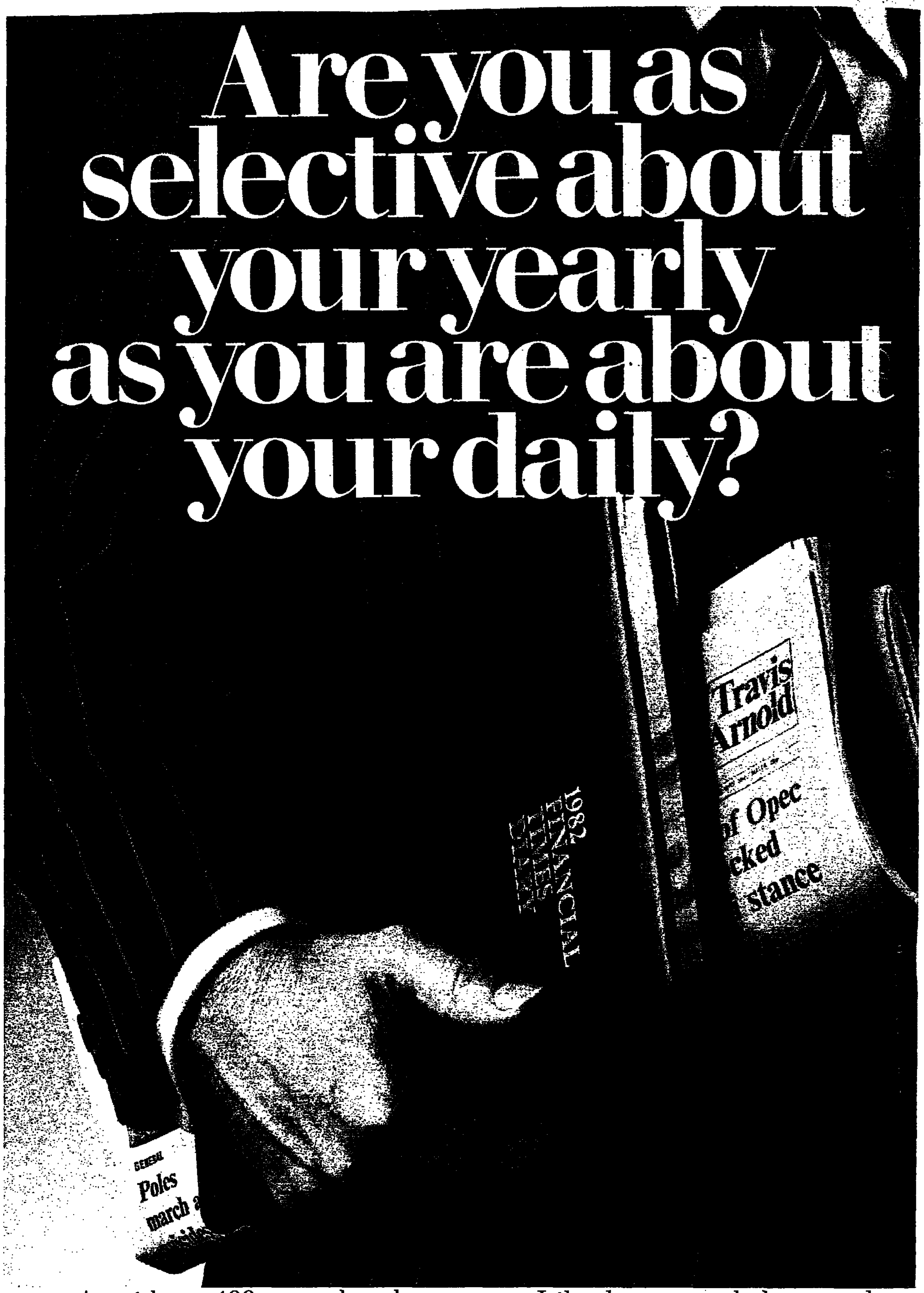

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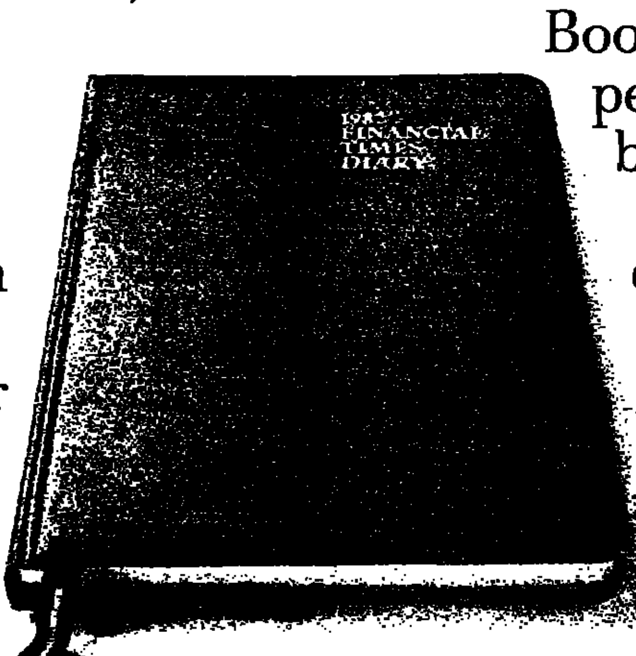

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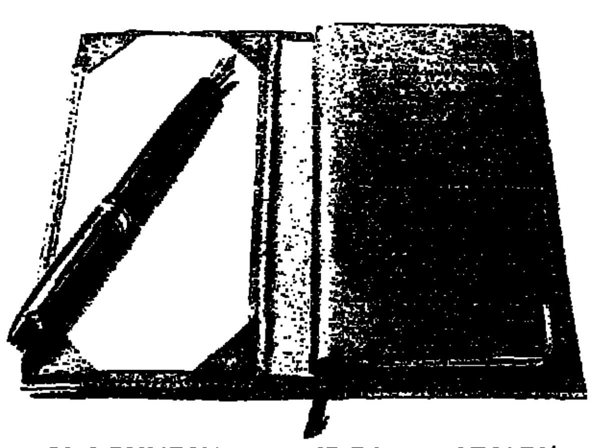

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CURRENCIES, MONEY and GOLD

Dollar weak

The dollar continued to lose ground in currency markets yesterday, reflecting a further fall in U.S. interest rates. Some major U.S. banks cut prime rates to 19½ per cent from 20 per cent and helped to undermine confidence in the U.S. unit despite continued tension in Poland which failed to stimulate the dollar.

Sterling fell against European currencies in line with the dollar but improved against the latter probably with a little help from the Bank of England.

The D-mark remained the firmest currency within the EMS but was slightly weaker overall after currency values were left unchanged following rumours of a reshuffle over the weekend. The French franc benefited from further tightening moves by the French authorities while the Belgian franc was fixed above its floor level against the D-mark having touched its lowest permitted rate on Friday. The Italian lira became the weakest member.

DOLLAR — trade weighted index (Bank of England) fell from 107.3 to 106.2. Against the D-mark the dollar fell to DM 2.2330 from DM 2.2690 and SwFr 1.9125 from SwFr 1.9475. It was also down against the yen at Y224.5 against Y226.25 and the French franc at FFr 5.2950 compared with FFr 5.4500.

STERLING — trade weighted index (Bank of England) fell to 86.7 from 87.0, having stood at 86.3 at noon and 86.7 in the morning. Against the dollar it touched a low of $1.8280 but finished at its best level at $1.8530-1.8550, a rise of 1.9c.

D-MARK — Strongest member of the European Monetary System and trading around its upper divergence limit against its ECU central rate. The D-mark has benefited recently from a narrowing current account deficit due mainly to an increasing trade surplus. Also money growth has remained well within projected limits and the Bundesbank's current tight monetary policy stance continues to keep inflation in check. The German currency has shown in line with other currencies a marked improvement against the dollar, after touching a five-year low in August — The D-mark showed some losses at yesterday's fixing in Frankfurt as positions were unwound after the weekend in the absence of any EMS currency realignment. The French franc rose to DM 42.04 per FFr 100 from DM 41.59 and the Belgian franc recovered from its floor level of DM 6.0990 touched on Friday to DM 6.1390.

Outside the EMS the dollar continued to lose ground. An upturn in Germany's economic outlook combined with a further reduction in U.S. interest rates saw the dollar fall to DM 2.2350 from DM 2.2714 and although there was no intervention at the fixing, the Bundesbank may have given a small amount of assistance to the dollar in open trading. The dollar's recent bullish sentiment may have also been eroded further by growing disenchantment with President Reagan's economic programme.

FRENCH FRANC—Trading in the middle of the EMS but only after continued support by the French authorities. Measures taken have included restrictions on foreign currency transactions, higher interest rates and direct help in the foreign exchange market. The franc appears to be vunerable to any sustained D-mark appreciation but official reluctance to see the franc devalued and a two-tier rate system to cushion industry from the effects of high borrowing costs may work in postponing a currency realignment for a little while—The French franc rose sharply in Paris yesterday following a rise in domestic interest rates and further tightening in foreign exchange controls. The dollar was fixed at FFr 5.32, down from FFr 5.4450 on Friday

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7965	40.3630	−1.07	+0.58	±1.5381
Danish Krone	7.91917	7.81473	−1.32	+0.33	±1.6413
German D-Mark	2.54502	2.47911	−2.59	−0.94	±1.1386
French Franc	5.99526	5.89342	−1.70	−0.06	±1.3638
Dutch Guilder	2.81318	2.74694	−2.35	−0.70	±1.5759
Irish Punt	0.685145	0.678777	−0.93	+0.72	±1.6688
Italian Lira	1262.92	1255.60	−0.58	+0.16	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times. Sterling/ECU rate for September 21 — 0.602639

THE DOLLAR SPOT AND FORWARD

Sept 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8280-1.8550	1.8530-1.8550	0.14-0.24c dis	−1.23	0.77-0.87dis	−1.77
Ireland†	1.6320-1.6355	1.6325-1.6345	0.30-0.20c pm	1.84	0.45-0.35 pm	0.98
Canada	1.1958-1.1979	1.1958-1.1961	0.30-0.34c dis	−3.21	0.67-0.72dis	−2.32
Nethlnd.	2.4720-2.4750	2.4730-2.4760	0.90-0.80c pm	4.12	2.88-2.78 pm	4.57
Belgium	38.00-38.88	38.42-38.44	31-37c dis	−11.20	42-48 dis	−4.94
Denmark	7.0200-7.0490	7.0200-7.0800	2.75-3.00ore dis	−4.91	3.90-4.40dis	−2.38
W. Ger.	2.2250-2.2500	2.2325-2.2335	0.83-0.78pf pm	4.33	2.92-2.88 pm	5.18
Portugal	83.30-84.10	83.60-84.10	50-200c dis	−23.49	70-320 dis	−12.22
Spain	92.05-93.80	92.10-92.20	10-25c dis	−2.28	35-65 dis	−1.95
Italy	1132-1138.75	1132-1134	20-24 lire dis	−23.30	42-47 dis	−15.71
Norway	5.775-5.8080	5.7900-5.8000	2.25-1.75ore pm	4.14	5.65-5.15 pm	3.73
France	5.2900-5.3350	5.2900-5.3000	6-7c dis	−14.73	12-13½ dis	−9.63
Sweden	5.4350-5.4550	5.4380-5.4480	1.95-1.75ore pm	4.08	6.10-5.90 pm	4.41
Japan	224-226.25	224.40-224.50	1.85-1.75y pm	9.62	5.33-5.23 pm	9.41
Austria	15.655-15.720	15.700-15.710	7.30-5.80gro pm	5.00	20-16 pm	4.58
Switz.	1.9080-1.9370	1.9120-1.9130	0.95-0.85c pm	5.65	3.15-3.05 pm	6.48

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Sept 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8280-1.8550	1.8530-1.8560	0.14-0.24c dis	−1.23	0.77-0.87dis	−1.77
Canada	2.1900-2.2150	2.2130-2.2150	0.77-0.87c dis	−4.44	2.25-2.45dis	−4.25
Nethlnd.	4.52-4.60	4.55½-4.56½	1¼-¾c pm	2.61	3⅛-2⅞ pm	2.72
Belgium	86.70-87.70	87.45-87.60	85-95c dis	−16.17	122-132 dis	−7.52
Denmark	12.82-13.08	13.05-13.07	6¼-7¼ore dis	−6.20	13¾-15¼ dis	−4.42
Ireland	1.1200-1.1370	1.1325-1.1345	0.23-0.32p dis	−2.91	0.73-0.84dis	−2.75
W. Ger	4.08-4.15	4.13½-4.14½	1½-1⅛pf pm	3.26	3½-3¼ pm	3.38
Portugal	116.50-118.25	117.75-118.25	100-385c dis	−24.86	175-845dis	−13.90
Spain	168.80-171.00	170.55-170.85	35-80c dis	−3.34	125-165 dis	−3.40
Italy	2085-2105	2101-2103	41½-46½ lire dis	−25.12	92-99 dis	−18.17
Norway	10.57-10.76	10.73½-10.75½	2¼-1¾ore pm	1.81	5½-3⅞ pm	1.88
France	9.71-9.83	9.80½-9.82½	11-12c dis	−14.06	24-26 dis	−10.19
Sweden	9.96-10.10	10.08-10.10	2⅞-1¾ore pm	2.75	6½-5¼ pm	2.38
Japan	412-420	415½-416½	3-2½y pm	7.93	8-7½ pm	7.45
Austria	28.70-29.15	29.10-29.15	11-6gro pm	3.50	23-13 pm	2.47
Switz.	3.51-3.58	3.54-3.55	1½-1⅛c pm	3.81	4⅞-3⅞ pm	4.37

Belgian rate is for convertible francs. Financial franc 74.30-74.40. Six-month forward dollar 1.50-1.60c dis, 12-month 2.80-3.00c dis.

CURRENCY MOVEMENTS

Sept. 21	Bank of England Index	Morgan Guaranty Changes%
Sterling	86.7	−36.2
U.S. dollar	106.2	+0.9
Canadian dollar	87.3	−17.2
Austrian schilling	117.0	+23.9
Belgian franc	108.1	+11.3
Danish kroner	89.8	−7.0
Deutsche mark	121.1	+41.8
Swiss franc	142.5	+89.5
Guilder	112.1	+17.3
French franc	86.1	−9.4
Lira	58.3	−55.7
Yen	140.0	+35.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 18	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.632249	0.595527
U.S. $	14	1.15828	1.09339
Canadian $	19.67	1.38970	1.31272
Austria Sch.	5¾	18.4584	17.3958
Belgian F	13	43.0417	40.5647
Danish K	11	8.30776	7.81285
D mark	7½	2.63092	2.47488
Guilder	9	2.90902	2.74440
French Fr	9½	6.30883	5.93983
Lira	19	1336.66	1261.77
Yen	6¼	263.856	247.324
Norwgn. Kr.	9	6.79563	6.38538
Spanish Pts.	8	108.376	102.395
Swedish Kr.	12	6.37170	6.01035
Swiss Fr.	6	2.26655	2.11898
Greek Dr'ch.	20½	—	61.1094

OTHER CURRENCIES

Sept. 21	£	$		£ Note Rates
Argentina Peso	10,388-10,408	5620-5640	Austria	28.65-29.05
Australia Dollar	1.5968-1.5999	0.8637-0.8641	Belgium	72.70-73.50
Brazil Cruzeiro	195.75-196.75	101.99-106.52	Denmark	12.67-13.02
Finland Markka	8.0833-8.0991	4.3850-4.3870	France	9.72-9.92
Greek Drachma	100.139-103.204	54.90-55.00	Germany	4.08½-4.15½
Hong Kong Dollar	11.0875-11.0975	6.0030-6.0080	Italy	2075-2150
Iran Rial	145.50*	79.50*	Japan	415-420
Kuwait Dinar (KD)	0.518-0.519	0.28220-0.28250	Netherlands	4.53-4.58
Luxembourg Fr	87.45-87.60	35.42-35.44	Norway	10.60-10.70
Malaysia Dollar	4.2975-4.3050	2.3270-2.3290	Portugal	115-134
New Zealand Dlr.	2.2125-2.2169	1.1967-1.1982	Spain	168.40-178.20
Saudi Arab. Riyal	6.23-6.29	3.4175-3.4195	Sweden	9.96-10.06
Singapore Dollar	3.9060-3.9160	2.1150-2.1180	Switzerland	3.51-3.56
Sth. African Rand	1.7312-1.7327	0.9337-0.9346	United States	1.84-1.86
U.A.E. Dirham	6.70-6.75	3.6715-3.6735	Yugoslavia	73-77½

† Rate given for Argentina is the commercial rate. The financial rate for sterling is 13,681-13,701 and for the dollar 7,400-7,450. *Selling rate.

EXCHANGE CROSS RATES

Sept. 21	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.854	4.140	416.0	9.815	3.545	4.590	2102.	2.214	67.53
U.S. Dollar	0.539	1.	2.233	224.4	5.294	1.912	2.475	1134.	1.194	36.42
Deutschemark	0.242	0.448	1.	100.5	2.371	0.856	1.109	507.7	0.535	16.31
Japanese Yen 1,000	2.404	4.457	9.952	1000.	23.59	8.522	11.03	5053.	5.322	162.3
French Franc 10	1.019	1.889	4.218	423.0	10.	3.612	4.677	2142.	2.256	68.80
Swiss Franc	0.282	0.523	1.168	117.3	2.769	1.	1.295	592.9	0.625	19.05
Dutch Guilder	0.218	0.404	0.902	90.63	2.138	0.772	1	458.0	0.482	14.71
Italian Lira 1,000	0.476	0.882	1.970	197.9	4.669	1.686	2.184	1000.	1.053	32.12
Canadian Dollar	0.452	0.837	1.870	187.9	4.433	1.601	2.073	949.4	1.	30.50
Belgian Franc 100	1.481	2.746	6.131	616.1	14.54	5.250	6.797	3113.	3.279	100

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 21)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 1/8	offer 17 1/4	bid 17 3/8	offer 17 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Sept. 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14½-14⅝	15¼-15½	18-19	11⅜-11⅝	7½-8	11⅜-11⅞	27-32	100-150	30-70	6¾-7¼
7 days' notice	14⅝-14⅞	15½-15¾	18-19	11⅜-11⅝	7½-8	11⅜-11⅞	27-32	45-65	30-45	7⅛-7⅜
Month	14⅞-15	16⅛-16⅜	19⅜-19¾	12⅛-12¼	10⅜-10⅝	11¾-11⅞	29-31	39-43	30-33	7⅛-7⅜
Three months	15⅛-15⅜	16⅞-17⅛	19½-19⅞	12⅛-12⅜	10⅜-10⅝	11⅜-11⅝	25-27	33-35	22½-23¼	7⅜-7⅝
Six months	15⅛-15⅜	17-17¼	19½-19⅞	12½-12⅝	10¾-10⅞	11¾-11⅞	24-26	30½-32	20½-21⅛	7⅛-7⅞
One Year	15⅛-15⅞	16⅞-16⅞	19-19⅜	12⅛-12⅜	10-10⅛	11½-11⅝	22½-24	28-29½	18⅝-19⅛	7½-8

SDR linked deposits: one-month 14¹³⁄₁₆-15⁵⁄₁₆ per cent; three-months 15⁵⁄₁₆-15⁷⁄₁₆ per cent; six-months 15⁹⁄₁₆-15¹¹⁄₁₆ per cent; one-year 15-15⅛ per cent.

ECU linked deposits: one-month 16⁵⁄₁₆-16⁹⁄₁₆ per cent; three-months 16⅝-17 per cent; six-months 16⁷⁄₁₆-16¹³⁄₁₆ per cent; one-year 15¹³⁄₁₆-16⁵⁄₁₆ per cent.

Asian $ (closing rates in Singapore): one-month 16¼-16⅜ per cent; three-months 17⅛-17¼ per cent; six-months 17¼-17½ per cent; one-year 16¹³⁄₁₆-17¹⁄₁₆ per cent. Long-term Eurodollar two years 16⅝-17 per cent; three years 16⅝-17 per cent; four years 16⅝-17 per cent; five years 16⅝-17 per cent; nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.20-16.30 per cent; three-months 16.70-16.80 per cent; six-months 16.90-17.00 per cent; one year 16.70-16.80 per cent.

MONEY MARKETS

Rates firm

London clearing banks base lending rates 14 per cent (since September 16)

Short-term interest rates continued to rise in the London money market yesterday, reflecting fears about the current instability in the foreign exchange market as sterling fell sharply once again in terms of major Continental currencies.

There was a slightly easier trend towards the close however, following the pound's general recovery, a cut in U.S. bank's prime lending rates, and the probability that the Bank of England gave more support to the market than underlying factors warranted.

The authorities originally forecast that the market was facing a shortage of around £400m, but in the afternoon this was revised to £300m. Total assistance was £403m, and although money was rather slow to appear in the afternoon. It is expected that banks will carry forward surplus balances.

All the help was by way of bill purchases for resale to the market today, which did little to alleviate the fears of the market, but had the effect of rolling over the shortage in the hope that matters with regard to sterling and U.S. interest rate trends will be clearer.

In the morning the authorities bought bills totalling £298m at rates of 14⅛-14¼ per cent, and in the afternoon a further £105m of bills were purchased on similar terms.

Discount houses paid around 14 per cent for secured call loans for the most part, but some late balances were taken at 13 per cent. In the interbank market overnight loans opened at 14½-14¾ per cent and eased to 12½-13 per cent, before touching a peak of 15 per cent in the late afternoon, and closing at 13-14 per cent.

In Paris call money rose to 18½ per cent from 17½ per cent, as part of the renewed efforts by the French authorities to support the franc. The call rate last rose on September 15, when it was increased by ½ per cent. Over the weekend it was announced that forward buying of foreign currency by importers has been banned in an attempt to stop the recent wave of speculation against the franc.

In Tokyo money market conditions are expected to tighten as the week progresses.

MONEY RATES

NEW YORK	
Prime rate	19½-20
Fed. funds	15⅝-15½
Treasury bills (13-week)	14.76
Treasury bills (26-week)	14.78
GERMANY	
Special Lombard	12.0
Overnight rate	12.0
One month	12.20
Three months	12.30
Six months	12.30
FRANCE	
Intervention rate	17.0
Overnight rate	18.5
One month	—
Three months	—
Six months	—
JAPAN	
Discount rate	6.25
Call (unconditional)	7.0625
Bill discount (three-month)	7.34375

GOLD

Sharp rise

Gold rose sharply in the London bullion market yesterday to finish $18½ an ounce higher than Friday's London close at $465-467. The metal opened at $458-459 and there was good two way business, reflecting the dollar's weaker trend and a fall in U.S. interest rates.

In Paris the 12½ kilo bar was fixed at FFr 93,500 per kilo ($546.60 per ounce) in the afternoon compared with FFr 93,500 ($546.13) in the morning and FFr 94,000 ($536.95) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,105 per kilo ($461.03 per ounce) against DM 32,800 ($449.04) previously and closed at $462½-464½.

In Zurich gold finished at $462-465.

	Sept. 21		Sept. 18	
Gold Bullion (fine ounce)				
Close	$465-467	(£251¼-251¾)	$446½-448½	(£242¾-243¾)
Opening	$458-459	(£248¼-248¾)	$446-447	(£243¾-244¼)
Morning fixing	$459.25	(£249.457)	$446.75	(£243.460)
Afternoon fixing	$463.50	(£250.475)	$447	(£243.464)
Gold Coins				
Krugerrand	$480-481	(£259-259½)	$461½-462½	(£251¼-252)
1/2 Krugerrand	$247½-248½	(£133½-134)	$237½-238½	(£129½-130)
1/4 Krugerrand	$126-127	(£68-68½)	$121-122	(£66-66½)
1/10 Krugerrand	$51½-52½	(£27¾-28¼)	$49½-50½	(£27-27½)
Mapleleaf	$479-482	(£259-259½)	$461½-462½	(£251½-252)
New Sovereigns	$115-116	(£62-62½)	$110-111	(£60-60½)
King Sovereigns	$127-129	(£66-67)	$124½-126	(£67¾-68½)
Victoria Sovs.	$127-129	(£66-67)	$124½-126	(£67¾-68½)
French 20s	$141-144	(£76-77½)	$130-134	(£70¾-73)
50 pesos Mexico	$578-581	(£311¾-313¼)	$557-560	(£303½-305)
100 Cor. Austria	$452-454	(£244-245)	$434-437	(£236½-238)
$20 Eagles	$590-594	(£318¼-320¼)	$586-591	(£319¼-322)

LONDON MONEY RATES

Sept. 21 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	12½-15	14⅛	—	—	14¼	13-14¼	—	—	—
2 days notice	—	—	14⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅜-14¾	14¾	—	14⅝	15	14-14⅛	—	—	—
One month	14⅞-14⅞	14⅞-15⅛	14⅝-15⅛	15¾-15¼	15⅛	—	14	14¼-14⅜	14½	15⅛
Two months	15¼-15⅛	15⅛-15⅜	—	15⅝-15⅛	15⅜	—	14	14½-14⅝	14⅝-14⅞	15¼
Three months	15⅛-15¼	15¼-15¾	14⅞-15⅝	15⅝-15⅛	15⅝	—	14	14⅞-14⅝	14⅝-14⅞	15¼
Six months	15⅝-15¼	15⅜-15¾	14¾-15½	14½-14	15⅝	—	—	—	14⅜-14⅞	15
Nine months	15⅜-15⅛	15½-15⅝	—	15¼-14¾	15½	—	—	—	—	—
One year	15¼-14⅞	15¼-15⅞	14⅞-15½	15¼-14¾	15½	—	—	—	—	—
Two years	—	—	14¾-15½	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 14⅞-15½ per cent; four years 14⅞-15½ per cent; five years 14⅞-15½ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 14⅝ per cent; four-month trade bills 15⅛ per cent.

Approximate selling rate for one-month Treasury bills 14-14⅛ per cent; two-months 14⅛ per cent; three months 14⁷⁄₁₆-14½ per cent. Approximate selling rate for one-month bank bills 14⁹⁄₁₆-14⅝ per cent; two-months 14½-14⁹⁄₁₆ per cent and three-months 14½-14⁹⁄₁₆ per cent; one-month trade bills 14⅞ per cent; two-months 15 per cent and three-months 15 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11-11½ per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 14.4381 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on September 21 1981. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	101.00
Albania	Lek	10.07
Algeria	Dinar	7.7008
Andorra	French Franc	9.815
	Spanish Peseta	170.70
Angola	Kwanza	(CM) 62.935
		(T) 65.159
Antigua (S)	E. Caribbean $	4.85
Argentina	Ar. Peso	(cm) 10,598
		(fn) 13123.0
Australia (S)	Australian $	1.5983
Austria	Schilling	29.125
Azores	Portugu'se Escudo	118.00
Bahamas (S)	Ba. Dollar	1.8540
Bahrain (S)	Dinar	0.690
Balearic Isles	Spa. Peseta	170.70
Bangladesh (S)	Taka	34.65
Barbados (S)	Babados $††	3.708
Belgium	B. Franc	(cm) 67.525
		(fn) 74.35
Belize	B $	3.708
Benin	C.F.A. Franc	490.75
Bermuda (S)	Bda $	1.8540
Bhutan	Indian Rupee	16.72
Bolivia	Bolivian Peso	45.52
Botswana (S)	Pula	1.5995
Brazil	Cruzeiro ‡‡	196.25
Brit. Virgin Isles (S)	U.S. $	1.8540
Brunei (S)	Brunei $	3.9110
Bulgaria	Lev	1.7630
Burma	Kyat	11.88
Burundi	Burundi Franc	161.64
Cameroon Republic	C.F.A. Franc	490.75
Canada	Canadian $	2.2140
Canary Islands	Spanish Peseta	170.70
Cape Verde Isle	Cape V. Escudo	118.0
Cayman Islands (S)	Cay. Is. $	2.2248
Cent. Af. Repub.	C.F.A. Franc	490.75
Chad	C.F.A. Franc	490.75
Chile	C. Peso	(Bk) 72.03
China	Renminbi Yuan	3.1669
Colombia	C. Peso	(F) 103.37
Comoro Islands	C.F.A. Franc	490.75
Congo (Brazaville)	C.F.A. Franc	490.75
Costa Rica	Colon	36.83
Cuba	Cuban Peso	1.3449
Cyprus (S)	Cyprus £	0.7975
Czechoslovakia	Koruna	(com) 10.90
		n/c 18.99
		(T) 18.38
Denmark	Danish Krone	13.06
Djibouti	Fr.	320 (sg)
Dominica (S)	E. Caribbean $	4.97
Dominican Repub.	Dominican Peso	1.8540
Ecuador	Sucre	(O) 46.13
		(F) 57.62
Egypt	Egyptian £	(U) 1.28
Equatorial Guinea	Ekuele	341.4
Ethiopia	Ethiopian Birr	(P) 3.7300
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	13.06
Fiji Islands	Fiji $	1.6335
Finland	Markka	8.0730
France	French Franc	9.815
French C'tyin Af*	C.F.A. Franc	490.75
French Guiana	Local Franc	9.815
French Pacific Is.	C.F.P. Franc	170 (sg)
Gabon	C.F.A. Franc	490.75
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.140
Germany (West)	Deutsche Mark	4.140
Ghana (S)	Cedi	4.92
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	101.671

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	13.06
Grenada (S)	E. Caribbean $	4.85
Guadaloupe	Local Franc	9.815
Guam	U.S. $	1.8540
Guatemala	Quetzal	1.8540
Guinea Republic	Syli	39.46
Guinea Bissau	Peso	70.33
Guyana (S)	Guyanese $	5.5020
Haiti	Gourd	9.27
Honduras Repub.	Lempira	3.71
Hong Kong (S)	H.K. $	11.0925
Hungary	Forint	(com) 66.42
		(T)(nc) 61.50
Iceland (S)	I. Krona	14.076(§)
India (S)	Ind. Rupee	16.72
Indonesia	Rupiah	1,158.57
Iran	Rial	145.50(sg)
Iraq	Iraq Dinar	0.54815
Irish Republic (k)	Irish £	1.1335
Israel	Shekel	24.25
Italy	Lira	2,102.0
Ivory Coast	C.F.A. Franc	490.75
Jamaica (S)	Jamaica Dollar	3.2797
Japan	Yen	416.0
Jordan (S)	Jordan Dinar	0.6075(sg)
Kampuchea	Riel	2,224.8
Kenya (S)	Kenya Shilling	18.825
Kiribati	Australian $	1.5983
Korea (Nth)	Won	1.76(ll)
Korea (Sth)	Won	1,258.75
Kuwait	Kuwait Dinar	0.516
Laos	New Kip	18.54
Lebanon	Lebanese £	8.6617
Lesotho	Loti	1.7318
Liberia	Liberian $	1.8540
Libya	Libyan Dinar	0.5489
Liechtenstein	Swiss Franc	3.545
Luxembourg	Lux Franc	67.525
Macao	Pataca	11.43
Madeira	Portug'se Escudo	118.0
Malagasy Republic	MG Franc	511.625
Malawi (S)	Kwacha	1.6560
Malaysia (S)	Ringgit	4.3030
Maldive Islands (S)	Mal Rupee	7.2273
Mali Republic	Mali Franc	981.50
Malta (S)	Maltese £	0.7200
Martinique	Local Franc	9.815
Mauritania	Ouguiya	102.76
Mauritius (S)	M. Rupee	15.75
Mexico	Mexican Peso	46.23
Miquelon	C.F.A. Franc	490.75
Monaco	French Franc	9.815
Mongolia	Tugrik	(o) 5.87(ll)
Montserrat	E. Caribbean $	4.85
Morocco	Dirham	9.77(sg)
Mozambique	Metical	54.53
Nauru	Australian Dollar	1.5983
Nepal	Nepalese Rupee	22.07
Netherlands	Guilder	4.59
Netherland Antilles	Antillian Guilder	3.3187
New Zealand (S)	N. Z. Dollar	2.2157
Nicaragua	Cordoba	18.47
Niger Republic	C. F. A. Franc	490.85
Nigeria (S)	Naira	1.211889(sg)
Norway	Norway Krone	10.745
Oman Sul'ate of (S)	Rial Omani	0.633
Pakistan	Pakistan Rupee	18.23
Panama	Balboa	1.8540
Papua N. Guinea (S)	Kina	1.2555
Paraguay	Guarani	230.50

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exe (A) 796.47
Philippines	Philippine Peso	14.4060
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.2157
Poland	Zloty	(Cm) 65.44
		(T) 65.44
Portugal	Portugu'se Escudo	118.0
Puerto Rico	U.S. $	1.8540
Qatar (S)	Qatar Ryal	6.67
Reunion Ile de la	French Franc	9.815
Romania	Leu	(Cm) 8.05
		(n/c) 19.83
Rwanda	Rwanda Franc	171.71
St. Christopher (S)	E. Caribbean $	4.85
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.85
St. Pierre	Local Franc	9.815
St. Vincent (S)	E. Caribbean $	4.85
Salvador El	Colon	4.61
Samoa American	U.S. $	1.8540
San Marino	Italian Lira	2,102.0
Sao T'oe & Principe	Dobra	72.92
Saudi Arabia	Ryal	6.26
Senegal	C.F.A. Franc	490.75
Seychelles	S. Rupee	11.30(sg)
Sierra Leone (S)	Leone	2.1840
Singapore (S)	Singapore $	3.9110
Solomon Islands (S)	Solomon Is. $	1.6465
Somali Republic	Somali Shilling (3)	(A) 11.68
Somali Republic	Somali Shilling (4)	22.81
South Africa (S)	Rand	1.7318
South West African Territories (S)	S. A. Rand	1.7318
Spain	Peseta	170.70
Spanish ports in North Africa	Peseta	170.60
Sri Lanka (S)	S. L. Rupee	36.57
Sudan Republic	Sudan £ (1)	0.927
Sudan Republic	Sudan £ (2)	1.48
Surinam	S. Guilder	3.3187
Swaziland (S)	Lilangeni	1.7318
Sweden	S. Krona	10.09
Switzerland	Swiss Franc	3.545
Syria	Syria £	(A) 11.0
Taiwan	New Taiwan $	66.74
Tanzania (S)	Tan. Shilling	14.85
Thailand	Baht	42.20
Togo Republic	C.F.A. Franc	490.75
Tonga Islands (S)	Ha'anga	1.5983
Trinidad (S)	Trinidad & Tob. $	4.4496
Tunisia	Tunisian Dinar	0.920(sg)
Turkey	Turkish Lira	220.15
Turks & Caicos	U.S. $	1.8540
Tuvalu	Australian $	1.5983
Uganda (S)	Uganda Shilling	145.0
United States	U.S. Dollar	1.8540
Uruguay	Uruguay Peso	(cm) 20.49
		(fn) 20.37
Utd. Arab Emirates	U.A.E. Dirham	6.75
U.S.S.R.	Rouble	1.3200
Upper Volta	C.F.A. Franc	490.75
Vanuatu	Vatu	150(sg)
	Aust. Dollar	1.5983
Vatican	Italian Lira	2,102.0
Venezuela	Bolivar	7.93
Vietnam	Dong	(O) 4.0090
		(T) 4.31(11)
Virgin Islands U.S.	U.S. Dollar	1.8540
Western Samoa	S. Samoan Tala	1.9981
Yemen (Nth)	Ryal	8.28(sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6280
Yugoslavia	New Y Dinar	68.9755
Zaire Republic	Zaire	10.042255
Zambia	Kwacha	1.6095
Zimbabwe	Zimbabwe $	1.3120

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. †Rupees per pound. ‡General rates of oil and iron exports 75.40. **Rate is the transfer market (controlled). ††Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Official rates for government transactions and specified exports and imports. (2) Parallel rates for non-government transactions and non-specified exports and imports. §One new Krona=100 old Kronur. (3) Parallel exchange rate for essential imports. (4) Exports, non-essential imports and transfers.

WORLD STOCK MARKETS

Wall St rallying at midsession

AFTER further declining on recession worries, Wall Street picked up to make a mixed showing at midsession after fairly active trading, helped subsequently by news that several banks had cut their Prime Rate to 19½ per cent from 20 per cent.

The Dow Jones Industrial Average, which fell 36 points last week to a new 15-month low, was 1.52 firmer at 837.71 at 1 pm, while the NYSE All Common Index, down 27 cents more at noon, was only a net 9 cents off by 1 pm. The trading pace slowed to 29.95m shares from Friday's 1 pm total of 25.78m.

Sunbeam was the most active stock and rose 8¾ to $30. IC Industries made a take-over bid of $32 a share for the company.

IBM was fractionally higher at $54, but Polaroid eased ⅜ to $23¼.

Ashland Oil lost 1½ to $30, while Walt Disney shed a point to $45⅝.

THE AMERCAN SE Market Value Index, however, was 4.16 weaker at 296.17 at 1 pm. Volume 29.95m shares (35.78m).

Dome Petroleum, the most active Amex issue, shed ¼ to $11¼ on nearly 3000,000 shares.

Ranger Oil eased ¼ to $8¾, but Petro-Lewis picked up ⅜ to $14¼. Petro-Lewis plans to buy McRae Consolidated Oil and Gas.

Canada

Stocks tended to decline afresh in active early dealings, but Gold shares were an exception, rising 96.1 to 3,627.4 on index at midday. The Toronto Composite Index receded 18.2 more to 1,915.4 and Oil and Gas 113.0 to 3,591.1.

Most active Dome Petroleum recorded a 1981 low by falling ⅜ to C$13¼. Analysts said investors are concerned about the lack of news on this year's drilling programme.

Tokyo

The market displayed a bias to lower levels after quiet trading, with the Nikkei-Dow Jones Average losing 25.97 at 7,522.60. The Tokyo SE index declined 1.30 to 566.66, while volume came to 200m shares, compared with last Friday's 240m.

Motors were depressed, brokers *citing reports last week that* exports by Toyota and Nissan registered the sharpest pace of decline so far this year in the August month. There was also anxiety awaiting the outcome of UK-Japan car talks being held in London. Honda receded Y14 to Y965, Nissan Motor Y15 to Y980 and Toyota Y20 to Y1,290.

Export-orientated Electricals also retreated, along with Machine Tools, Steels, Optical Fibres, Coals, Oils and Communications.

Sony weakened Y90 to Y4,060, TDK Electronics Y90 to Y4,130, Hitachi Y15 to Y755 and Mitsubishi Electric Y6 to Y392, while Amada declined Y16 to Y670, Fujikura Cable Y10 to Y348, Kawasaki Steel Y2 to Y223, Koa Oil Y7 to Y519, Fujitsu Y6 to Y751 and Oki Electric Y8 to Y402.

On the other hand, Pharmaceuticals and makers of industrial robots posted healthy gains. Brokers said attention in Pharmaceutical stocks was stirred by investor anticipation of new drug developments being announced at meetings of a Pharmaceutical Society in Japan this autumn. Also behind their popularity, according to brokers, si the fact that other countries have come to recognise the advance that Japanese pharmaceutical companies have made in development of antibiotics and interferon. Tanabe Pharmaceutical climbed Y35 to Y843, Kaken Chemical Y150 to Y1,670, Takeda Y13 to Y909 and Taisho Pharmaceutical Y21 to Y660.

Japanese Industrial Robot Producers are reported planning to beef up production in response to growing demand overseas. Kawasaki Heavy Industries moved ahead Y9 to Y270.

Shipbuilding issues improved on sporadic foreign purchases, Mitsui Shipbuilding gaining Y7 at Y248.

Paris

Share prices were sharply weaker in quiet trading following the *one-point rise in the Call Money rate to 18½ per cent.*

Operators were said to be reluctant to make new commitments in view of the nervousness on the foreign exchange and money markets following the weekend's French franc support moves.

The Indicateur de Tendance index shed 2.4 to 101.0 with falls outnumbering rises in the French section by 128 to 33. Every sector was weak.

Germany

A broad retreat occurred in quiet dealings. Dealers said the strong Domestic Bond Market was drawing funds away from equities, and a pessimistic forecast by a Bourse newsletter also dampened sentiment. The Commerzbank index fell 9.9 to 700.9.

Capital market predictions that West German interest rates are on the decline did not generate expected support for Bank shares. Bayerische Hypobank lost DM 3, Dresdner Bank DM 2.30 and Deutsche Bank DM 2.50.

In active trading, prices for Domestic Bond issues continued to surge, gaining as much as DM 1.50 amid high demand sparked by softer U.S. interest rates and the weakening U.S. dollar.

Hong Kong

Fresh selling pressure drove stock prices sharply lower yesterday, leaving the Hang Seng index down 61.47 more at 1,431.68. Turnover on the four stock exchanges expanded to HK$535.82m from last Friday's HK$449.31m.

Many dealers attributed the drop to lack of confidence on the part of investors, who view the weakening of the Hong Kong dollar against most major currencies as signs of Hong Kong's deteriorating economy.

Another bearish factor was the withdrawal of Malaysian money from the market through the cancellation of Malayan United Industries' proposed acquisition of the East Ocean Centre building from a Cheung Kong subsidiary for HK$593.57m.

The deal was rejected by the Capital Issues Committee of Malaysia, which last week also vetoed a proposed purchase by Central Sugars of Batteil Investment.

Hutchison Whampoa fell HK$1.30 to HK$16.60, Jardine Matheson HK$1.10 to HK$16.90, Cheung Kong HK$1 to HK$25.70 and Swire Pacific "A" 90 cents to HK$12.50.

Hang Seng Bank dipped HK$5 to HK$122 and Hongkong Hotels HK$7 to HK$52, but Hang Lung, an isolated bright spot, rose HK$1.40 to HK$26.40.

Johannesburg

Gold shares gained ground in response to a firmer Bullion price. Blyvoor put on R2.50 to R16.75, Western Deep R1.50 to R52.00, Harties R1 to R75 and Leslie 18 cents to R3.75.

Australia

Markets continued to weaken, taking the Australian All Ordinaries index down a further 6.2 to 600.2, close to its 1981 low of 599.5 recorded on September 10. The Oil and Gas index lost 22.3 to 617.3 and Metals and Minerals 7.0 to 500.0.

Oil Refiner Caltex, which reported a 49 per cent fall in half-year profits, retreated 17 cents to A$2.15, while major oil producer BHP was off 5 cents at A$11.75, after trading at A$11.70, its lowest price since early in 1980.

Western Mining shed 8 cents to A$4.92, while its Canning Basin oil neighbour, Vamgas, fell 30 cents to A$9.50.

After last week's good rise on take-over speculation, Peko-Wallsend receded 34 cents to A$6.70. Also in Minings, CRA shed 11 cents to A$3.58, while elsewhere, ANZ Banking dipped 18 cents to A$5.06.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	Sept. 18	Sept. 17	Sept. 16	Sept. 15	Sept. 14	Sept. 11	1981 High	1981 Low	Since Cm'pil't. High	Since Cm'pil't. Low
●Indu str'ls	836.19	840.09	851.60	858.35	866.15	872.81	1024.05 (27/4)	836.19 (18/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	57.48	57.41	57.49	57.51	57.38	57.41	65.78 (15/1)	57.06 (4/9)	—	—
Transport.	345.51	347.77	353.65	355.61	357.60	358.40	447.38 (16/4)	345.51 (18/9)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	104.24	105.17	106.29	105.67	106.78	107.27	117.81 (6/1)	103.98 (5/6)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000-1	47,350	43,800	45,660	38,580	34,400	42,170	—	—	—	—

●Day's high 845.51 low 829.43.

Ind. div. yield %	Sept. 11	Sept. 4	Aug. 28	Year ago (approx)
	6.35	6.44	6.20	5.74

STANDARD AND POORS

	Sept. 18	Sept. 17	Sept. 16	Sept. 15	Sept. 14	Sept. 11	1981 High	1981 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	150.19	151.54	153.44	154.49	155.66	156.73	157.02 (6/1)	150.19 (18/9)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	116.26	117.15	118.87	119.77	120.66	121.61	138.12 (6/1)	116.26 (18/9)	140.52 (28/11/80)	4.40 (1/6/32)

	Sept. 16	Sept. 9	Sept. 2	Year ago (approx
Ind. div. yield %	5.56	5.36	5.14	4.64
Ind. P/E Ratio	8.15	8.13	8.82	8.91
Long Gov. Bond yield	14.13	14.63	14.36	11.46

NY. S.E. ALL COMMON

Sept. 18	Sept. 17	Sept. 16	Sept. 15	1981 High	1981 Low
67.27	67.83	68.82	69.34	79.14 (6/1)	67.83 (17/9)

Rises and Falls

	Sept. 18	Sept. 17	Sept. 16
Issues Traded	1,984	1,908	1,890
Rises	461	367	409
Falls	1,131	1,157	1,100
Unchanged	392	381	381
New Highs	—	7	9
New Lows	—	171	140

MONTREAL

	Sept. 18	Sept. 17	Sept. 16	Sept. 15	1981 High	1981 Low
Industrials	327.90	333.90	339.87	347.10	408.66 (27/6)	327.90 (18/9)
Combined	308.52	312.52	316.95	323.11	376.28 (13/6)	308.52 (18/9)
TORONTO Composite	1933.6	1956.4	1993.1	2030.2	2378.8 (10/4)	1933.6 (18/9)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Ralson Purina	1,162,500	11¼	−½	ATT	533,600	55⅞	−⅛
Exxon	1,044,900	31⅛	−½	Gen. Tel. El.	527,800	30	+⅛
Toro	726,670	8⅛	+½	Carnation	489,300	27	+1
Gulf & Western	552,100	16⅛	—	Std Oil Indiana	425,400	52⅞	−⅛
N. West Inds.	543,500	50⅞	−⅜	Sony	419,700	18¼	+⅛

World indices

	Sept. 21	Sept. 18	Sept. 17	Sept. 16	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	600.2	606.4	610.1	615.1	757.5 (6/4)	598.5 (10/9)
Metal & Minrls (1/1/80)	500.0	507.0	511.6	521.4	755.2 (7/1)	495.5 (10/9)
AUSTRIA						
Credit Aktien (2/1/62)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM						
Belgian SE (31/12/63)	72.22	72.35	72.55	75.87	85.15 (17/2)	68.55 (19/6)
DENMARK						
Copenhagen SE (1/1/73)	111.37	112.76	112.58	112.52	118.09 (25/8)	96.88 (2/1)
FRANCE						
CAC General (29/12/61)	95.5	94.40	94.5	96.2	112.5 (17/3)	77.3 (15/6)
Ind Tendance (31/12/80)	101.0	103.40	104.9	104.9	108.5 (10/9)	79.2 (12/6)
GERMANY						
FAZ-Aktien (31/12/58)	228.12	232.35	232.72	232.78	246.47 (5/7)	215.88 (9/2)
Commerzbank(Dec 1953)	700.9	710.80	711.8	715.1	749.0 (5/7)	656.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	84.4	86.10	87.0	88.3	88.8 (20.8)	84.4 (21/9)
ANP-CBS Indust (1970)	66.4	67.50	68.4	68.0	76.4 (22/5)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1431.68	1493.15	1502.79	1565.93	1810.20 (17/7)	1295.44 (11/5)
ITALY						
Banca Comm Ital (1972)	184.83	192.25	196.04	198.50	282.85 (5/6)	166.44 (24/7)
Japan						
Dow Average (16/5/49)	7522.60	7548.57	7559.27	7505.55	8019.14 (17/8)	6956.52 (13/8)
Tokyo New SE (4/1/68)	566.66	567.96	567.03	564.55	603.92 (17/8)	495.79 (5/1)
NORWAY						
Oslow SE (1/1/72)	136.70	134.88	134.76	136.79	145.72 (6/8)	110.34 (5/5)
SINGAPORE						
Straits Times (1966)	875.53	896.47	898.22	850.65	975.26 (29/6)	815.26 (7/3)
SOUTH AFRICA						
Gold (1958)	(u)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial (1958)	(u)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SPAIN						
Madrid SE (30/12/80)	(c)	142.24	142.18	141.87	146.15 (6/8)	100.46 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	545.23	549.30	580.87	558.20	680.51 (10/8)	484.17 (20/1)
SWITZERLAND						
SwissBankCpn. (31/12/58)	260.9	263.80	264.3	263.1	354.2 (2/4)	260.9 (21/9)
WORLD						
Capital Intl. (1/1/70)	—	141.0	142.5	142.9	162.8 (6/8)	141.0 (18/9)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

COMMODITIES AND AGRICULTURE

Big UK harvest expected

By Our Commodities Staff

A NEAR-RECORD British cereal harvest is indicated for 1981 by the latest Government figures out yesterday, in spite of some of the worst weather since the turn of the century.

Figures produced by the Home Grown Cereals Authority and confirmed by the Ministry of Agriculture indicate a harvest of about 18.9m tonnes for Britain, only slightly down on last year's record of 19.2m tonnes.

With the harvest in England and Wales about half in, the average yield of wheat is 5.37 tonnes a hectare, slightly up on last year. Average barley yield is 4.33 tonnes a hectare, slightly down, and 4.53 tonnes a hectare for oats, another slight increase.

The HGCA estimates the total wheat harvest in England and Wales will be 7.78m tonnes, barley 8.015m tonnes, and oats 455,000 tonnes.

The harvest in Northern Ireland is expected to be slightly down, but Scotland is expected to have a fairly good yield which will increase the total UK figure to 18.9m tonnes.

The Soviet Union has agreed to buy an extra 2m tonnes of Canadian grain, taking the total to be shipped by next July to 6m tonnes.

The Soviet purchases come under a master agreement signed last May under which Moscow will buy 25m tonnes of Canadian grain, worth about C$5bn, over the next five years.

Mr Hazen Argue, Minister in charge of the Canadian Wheat Board, said in Regina, Saskatchewan, the new imports were agreed at the weekend in Winnipeg during a visit by top Soviet grain officials.

UK asked to justify poultry import ban

By Our Commodities Staff

BRITAIN HAS been given a fortnight to justify its ban on imports of poultry and eggs from countries which do not operate a slaughter policy in cases of fowl pest.

The Common Market Commission has started legal proceedings in the European Court in Strasbourg over the ban, which has angered many of Britain's EEC partners. Official notification of proceedings has not yet been received in London, and it will be several months before the case is heard.

Record high for tin

BY ROY HODSON

TIN REACHED an all-time high on the London Metal Exchange yesterday following strong demand from certain buyers and a fall in the LME warehouse stocks.

Cash tin closed at £8,455 a tonne, a rise of £190. The LME stocks of tin fell last week by 1,390 tonnes to 12,210 tonnes.

Tin traders noted that the record London price, at current exchange rates, was above 35.47 Malaysian ringgits a kilo—the ceiling of the International Tin Agreement when in theory the buffer stock must sell its existing holdings. The Straits tin price on Monday was 35.25 ringgits and it remains to be seen whether Penang will follow the rise in London sufficiently to breach the ceiling.

Japan will urge the U.S. to sign the sixth international tin agreement, the Malaysian primary industries Minister, Datu Paul Leong, said in Kuala Lumpur. He reported that the Japanese Foreign Minister, Sunao Sonoda had agreed to write personally to U.S. Secretary of State Alexander Haig, to secure U.S. participation.

Copper prices in London reflected the interest in precious metals yesterday and cash wirebares closed at £950.25 a gain og £8.25 on the day.

A 35-day-old strike by miners of the U.S. Southern Peru Copper Corporation was due to end yesterday according to the Peruvian Energy and Mines Minister Pablo Kucznski. He estimated that the strike by 6,000 miners had cost the country $70m in export earnings.

Noranda Mines, Quebec, continued talks with a mediator and union officials yesterday towards ending a strike which started on Saturday at its Horne Copper smelter. Some 850 workers struck over renewal of a labour contract. Asarco in the U.S. is raising its domestic price for electrolytic copper cathodes by 1 cent.

Stocks of copper in the LME warehouses fell by 300 tonnes last week to 111,450 tonnes. Lead stocks rose 150 tonnes to 43,800 tonnes. Zinc stocks fell 675 tonnes to 85,325 tonnes. Aluminium stocks rose 4,375 tonnes to 95,150 tonnes, and nickel stocks rose 204 tonnes to 3,120 tonnes.

Silver stocks rose 190,000 troy ozs to 28,990,000 ozs.

Scheme to steady silver price

BY OUR COMMODITIES STAFF

SILVER PRODUCERS have been spurred into action to defend silver prices following the U.S. announcement last week that up to three-quarters of the U.S. strategic stockpile may be sold over a three-year period.

Silver prices in London and New York yesterday were influenced both by gains made by gold and by reaction to last week's falls.

On the London Metal Exchange silver closed at £5.95 per troy ounce for three months delivery, a rise of 14p. In early New York trading silver futures showed gains of more than 60 cents.

Mexico, the biggest producer of silver in the world, and Peru, also a big producer, are believed to be prepared to withhold 15m ounces of silver from the market if the U.S. will agree to defer its stockpile sale. Such an arrangement would hold back 60m ounces of silver from the world market. According to Pedro Pablo Kuczynski, the Peruvian energy and mines minister, speaking in Lima, it would allow a slow and controlled reduction of silver reserves at some point in the future after prices had risen.

Peru would hold back about 5m ounces and Mexico about 10m ounces. Each country would buy silver from their miners without exporting it.

Canada, which provides the U.S. with some 85 per cent of its silver imports, has expressed concern about the proposed U.S. sales but is not prepared to join the suggested Peru/Mexico action for market stabilisation.

Mexican silver production dropped in 1980 for the second successive year after several years of steady growth. Real de los Angeles, the big new Mexican silver mine is due to start production next April and when fully operational will produce 7m ounces of silver a year making it the biggest silver mine in the world.

Rubber demand upturn forecast

BY WONG SULONG IN KUALA LUMPUR

DEMAND for natural rubber is expected to pick up in the coming months due to revival of the car industry in Japan, the U.S. and West Germany, Datu' Paul Leong, Malaysia's Minister of Primary Industries, said yesterday.

In London, however, rubber prices fell again with the Rss No. 1 spot prices falling 1½p to 54p, its lowest since May this year.

Datu' Leong said, on his return from a tour of Japan, the U.S. and Europe, that Japan's natural rubber imports last year were 457,000 tonnes, a 21 per cent increase over 1979, and this trend should continue for this year.

U.S. natural rubber consumption this year should increase to 700,000 tonnes, compared with 620,000 tonnes last year.

Datu' Leong said Malaysia, as the world's biggest rubber producer, was pushing to get the International Natural Rubber Council into operation as soon as possible.

The council, based in Kuala Lumpur, meets this Friday to lay down the rules for the operation of the buffer stock, while another session will be convened in mid-November, where Malaysia would seek a revision of the price range of the International Natural Rubber Agreement.

Datu' Leong said although not all producing and consuming members have ratified the pact, senior officials of the INRC have confirmed they could call for funds at any time.

It was estimated that at this stage there are sufficient commitments to enable a buffer stock size of 260,000 tonnes to back any needed market support operation.

Meanwhile a 15-man delegation of Indonesian rubber producers left Jakarta yesterday for Japan, South Korea, Taiwan and Hong Kong in an effort to boost sales of Indonesian natural rubber, Reuter reports.

Date set for cocoa stock purchases

By Our Commodities Editor

The International Cocoa Agreement's buffer stock will start operations on September 28 it was confirmed yesterday Mr Juergen Plambeck, buffer stock manager, said the Council currently held sufficient funds to buy 90,000 tonnes of cocoa at around 110 cents a pound — the Agreement's "floor" price. He added that if the five-day average indicator price, currently nearly 107 cents a pound, does not rise further in the meantime he will seek to defend the 110 cents level by support buying operations.

Under the Agreement, the buffer stock is not allowed to operate on the futures market. It will confine its activities to physical purchases (and sales). Mr Plambeck said purchases would not exceed 10,000 tonnes a day or 35,000 tonnes weekly.

If the buffer stock purchases exceed 100,000 tonnes during a 12-month period, the lower intervention price would automatically be reduced from 110 to 106 cents unless the Council decided otherwise. The buffer stock will sell cocoa back on to the market if prices rise above 150 cents.

The buffer stock announcement had little reaction on market prices yesterday, since it had been known for some time that operations would have to start by October 1 at the latest. The December position on the futures market rose to £1,310 at one stage before falling back on profit-taking sales to close at £1,298.5 a tonne, only £4 higher on the day.

Coffe values easier

COFFEE prices eased yesterday following the absence of firm news on the progress of the International Coffee Agreement talks in London.

Although the official deadline for the talks has been extended until tonight, it is generally expected that a further extension until the end of the week will be required. Nevertheless there is general optimism that agreement will eventually be reached on export quotas and "trigger" price levels for the 1981-82 season starting on October 1.

GATT SUGAR MEETING

EEC move may deflate critics

BY JOHN EDWARDS, COMMODITIES EDITOR

THE EEC move to reduce sugar exports, by holding back some 2m tonnes of surplus stocks, is neatly timed. It coincides with a special council session of GATT (General Agreement on Tariffs and Trade) in Geneva today called by producing countries to ram home their attack on the damage being created to the world sugar market by the Common Market.

Leading the attack, Australia in a strongly-worded paper prepared for the meeting, claims that the new sugar regime introduced by the EEC for the 1981-1982 season does not limit either production, price or the amounts of export refunds and therefore does not remove or limit the threat of prejudice to world trade.

The paper notes that EEC farmers expanded beet plantings by 10 per cent across the board this year (including a 17 per cent increase in France) in spite of falling world prices for sugar and the knowledge that the introduction of a co-responsibility levy was imminent.

As a result the EEC crop is expected to reach a record 15m tonnes, raw value, in 1981-82 and the total export availability will soar to some 6m tonnes.

The EEC feels the crop will not reach 15m tonnes but there is agreement that there will be a huge export surplus, bearing in mind Community consumption is only 9.3m tonnes and the EEC also imports 1.3m tonnes of cane sugar from African, Caribbean and Pacific countries under the Lomé Convention.

Australia estimates that if world prices remain at current levels the EEC will spend 950m European currency units to subsidise sugar from its 1981-82 crop. It is calculated that since the EEC recommended subsidising exports in April this year by the end of August 1.7m tonnes had been authorised for export with expenditure of some 261m units. The paper notes that at the September 2 weekly selling tender the EEC subsidy was set at 279.9 units a tonne—representing 60 per cent of the intervention prices and exceeding the current world price.

THE EEC Commission plans to hold back some 2m tonnes of surplus sugar stocks in an effort to boost world market prices, our Brussels correspondent reported yesterday. The decision follows the announcement on Friday by European beet growers that they planned to reduce "C" quota exports by carrying over some stocks out of the expected bumper crop this season to the 1982/83 season, when plantings are expected to be cut.

Brazil, the other complainant, is expected to take a similar line to Australia in arguing that the introduction of the co-responsibility levy has not changed the EEC system. The increase in the EEC intervention price of 8.5 per cent more than offsets the effect of the levy as witness the big rise in Community plantings this year.

The Community claims that the co-responsibility levy is self-financing and so means that producers are not being subsidised. However the EEC will now have a much better defence, or at least another delaying tactic, by its decision to build up stocks. This should take some of the pressure off the world market and possibly pave the way for the EEC to join the International Sugar Agreement between exporting and importing countries.

It is a radical change of policy. Until now the EEC has avoided "mountains" of sugar simply by exporting the surplus. This has incensed members of the International Sugar Agreement who have been forced to cut back their exports while the world market has been flooded with surplus EEC sugar.

The voluntary move by European beet growers, announced on Friday, to hold back part of their stocks, and the support promised by the Commission, should help considerably to relieve the pressure on world prices. However it still means that the beet growers effectively receive interest-free loans from the Commission, with the co-responsibility levy being deducted at the end of the season, and EEC consumers continue to pay a heavy cost both as users of sugar and taxpayers.

Community warned on subsidies

BY OUR COMMODITIES STAFF

WASHINGTON — U.S. Agriculture Secretary, Mr John Block, said the Reagan Administration is concerned over the EEC's view on export subsidies and the proposal to tax vegetable and marine fats and oils.

In remarks prepared for delivery to the World Fertiliser Conference in New York, Mr. Block said he made it very clear when he visited EEC leaders in May that any actions imposing restrictions on imports of U.S. soyabeans and soyabean products would lead to immediate U.S. counter-action—"and I would like to re-emphasise that message today."

Mr Block said a more serious problem involved the EEC's views on export subsidies.

"The European Community has adopted an aggressive wheat and wheat flour export policy, using subsidies to dispose of surplus grain in world markets," Mr Block said.

He said making the subsidy matter even more serious is the EEC's consideration of adopting a similar policy for other key agricultural products.

"They are also contemplating bilateral agreements which would exclude other suppliers, including the U.S., from competing on equal terms," he said.

"If this happens, I have to say that our trade relationship with the Community will be seriously strained. We simply cannot accept these practices. In fact, we will not accept them."

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL prices were erratic on the London Metal Exchange. The strength of precious metals and the weakness of sterling against European currencies saw Copper rise from £981 to £986, while Continental buying and borrowing lifted Lead from £423 to £431 before a close of £429.5. Selling from one quarter lowered Zinc to £520. Tin attracted influential support and advanced to £8,440. Aluminium closed at £663.5 and Nickel at £3,130.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	950-1	+9.25	950-.5	+8.25
3 mths	985.5-6	+10.5	986-.5	+10.5
Settlem't	951	+9.5	—	......
Cathodes				
Cash	947-9	+8.5	949-51	+9
3 months	978-9	+10.5	978-80	+10
Settlem't	949	+9	—	......
U.S. Prod	—		*82.75-4.5	......

Amalgamated Metal Trading reported that in the morning three months higher grade wirebars traded at £981, 80, 81, 81.5, 82, 82.5, 83, 83.5, 84, 84.5, 85, 85.5. Standard, cathodes, three months £979. Kerb: Wirebars, higher grade, three months £986, 85. Afternoon: Higher grade, three months £985, 86, 86.5, 86, 85.5, 86, 86.5, 87, 86.5, 84.5, 85, 85.5, 86. Standard, cathodes, three months £979. Kerb: Wirebars, three months £986.5, 87, 86.5, 86, 85.5. Turnover, 19,875 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	8375-80	+82.5	8450-60	+198
3 months	8375-80	+75	8445-50	+155
Settlem't	8380	+90	—	......
Standard				
Cash	8375-80	+82.5	8450-60	+180
3 months	8375-80	+75	8445-50	+155
Settlem't	8380	+90	—	......
Straits E.	‡$35.25	-0.01	—	......
New York	—	......		

Tin—Morning: Standard, cash £8,380, 80, 70, 80, 70, 60, 70, 80, 70, 75, 80. Kerb: Standard, cash £8,370, three months £8,370, 75. Afternoon: Standard: cash £8,380, 8,440, three months £8,370, 75, 80, 90, 80, 8,400, 8,440, 45, 50, 48. Kerb: Standard, three months £8,440, 35, 30. Turnover, 1,000 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	417-8	+14.5	417-8.5	+9.25
3 months	429-30	+14.2	430-1	+10
Settlem't	418	+14.5	—	......
U.S. Spot	—	......	*40.4	......

Lead—Morning: Three months £423, 24, 25, 27, 29, 30, 31, 30, 29. Kerb: Three months £430, 29. Afternoon: Three months £430, 31, 30, 30.5. Kerb: Three months £431, 30, 29. Turnover, 7,900 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	510.5-1	+5.25	506-7	-5
3 months	529-30	+7.75	524.5-5	-5.75
Settlement	511	+5	—	......
Primw'ts	—	—	*49.75-50	......

Zinc—Morning: Cash £511, three months £529, 28, 29. Kerb: Three months £528, 30, 29, 28. Afternoon: Three months £529, 28, 27, 26, 25, 25.5, 26, 25.5. Kerb: Three months £526.5, 26, 25.5, 25, 24, 23, 22, 19, 18, 17, 18, 19, 20, 20.5, 21, 20. Turnover, 8,775 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	639-.5	......	636-8.7	-7
3 months	666.5-7	+1	663-4	-6.5

Aluminium—Morning: Three months £669, 69.5, 69, 68.5, 68, 67.5, 66.5. Kerb: Three months £667. Afternoon: Three months £666, 65, 66, 66.5, 66, 65.5, 65, 64.5, 64. Kerb: Three months £665, 64. Turnover, 11,050 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	3070-80	+20	3050-70	-10
3 months	3150-55	+20	3130-40	-15

Nickel—Afternoon: Three months £3,140. Kerb: Three months £3,130. Turnover, 126 tonnes.

* Cents per pound. ‡ M$ per kilo. † On previous unofficial close. ◆ High grade cathodes deliverable from Sept 1.

SILVER

Silver was fixed 9.45p an ounce higher for spot delivery in the London bullion market yesterday at 557.25p. U.S. equivalents of the fixing levels were: spot $10.259, up 19.9c; three-month $10.67, up 19.8c; six-month $11.123, up 18.6c; and 12-month $12.013, up 19.5c. The metal opened at 555½-561p ($10.25-10.35) and closed at 573-578½p ($10.60-10.70).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	557.25p	+9.45	574.25p	+30.5
3 months	577.20p	+10.2	595.00p	+31.5
6 months	596.70p	+10.7	—	......
12 months	541.70p	+11.7	—	......

LME—Turnover: 95 (115) lots of 10,000 ozs. Morning: Three months 582, 81, 82. Kerb: Three months 582, 81.5. Afternoon: Three months 588, 92, 94, 95. Kerb: Three months 595, 94, 93, 92.

COCOA

Futures remained steady throughout a quiet day, making small gains in spite of the stronger sterling. The ICCO announcement that buffer stock purchases would commence next week made little immediate impact. Physical business remained neglected, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ —	Business Done
Sept	1250-53	+8.0	1252-51
Dec	1298-99	+4.0	1310-994
March	1314-15	......	1322-14
May	1323-27	-2.5	1334-28
July	1330-36	-3.5	—
Sept	1338-46	-3.5	1347
Dec	1345-55	-4.0	—

Sales: 1,309 (1,267) lots of 10 tonnes.

ICCO—Daily price for Sept 18: 107.43 (108.60); Indicator prices for Sept 21: 106.93 (106.36).

COFFEE

With an expected slightly steadier opening Robustas were unable to maintain their momentum and drifted lower under commission house selling, reports Drexel Burnham Lambert. Despite a good New York opening values continued under pressure until light profit-taking lifted values.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Sept	988-90	-26.0	1030-990
Nov	1019-20	-16.0	1045-11
Jan	1030-34	-21.5	1058-24
March	1035-37	-23.5	1060-31
May	1042-47	-22.0	1060-40
July	1045-60	-24.0	1070-60
Sept	1050-70	-27.5	1050-50

Sales: 4,058 (5,601) lots of 5 tonnes.

ICO indicator prices for Sept 18: (U.S. cents per pound): Comp. Daily 111.54 (108.59); 20-day average 103.66 (103.44).

WOOL FUTURES

BRADFORD WOOL MARKET—Prices were steady, but the market lacked strength. There was some Merino business, but crossbred offers were too low. Currency and interest rate uncertainties continued to affect the market.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg). Oct 494.5, 496.0, 495.0-494.7; Dec 508.5, 508.5, 507.0-506.0; March 519.0, 520.0, 520.0-518.0; May 529.0, 530.0, 531.0-530.0; July 534.8, 535.0, 535.0-534.8; Oct 532.5, 533.5, 533.5-533.0; Dec 535.5, 537.0, 537.0-536.0; March 540.0, 541.0, 541.0. Sales: 104.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct 397 seller, 398; Dec 396, 398, nil; Jan 398, 399, 400; March 407, 409, 408; May 417, 419, nil; Aug 428, 432, nil; Oct 432, 434, 434; Dec 434, 436, nil; Jan 435, 437, 435; March 443, 446, nil. Sales: 13.

GAS OIL FUTURES

Quiet trading reflected the lack of activity on the physical market. Prices were a little steadier as traders took stock of the recent fall, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
September	297.00	-2.00	298.25-97.25
October	303.00	+0.50	303.00-02.25
November	306.25	+0.50	306.25-05.25
December	308.75	-0.25	309.00-08.25
January	311.50	-0.50	—
February	314.00	—	314.00-13.50
March	319.25	—	—
April	319.25	+0.25	—
May	321.00	+0.25	—

Turnover: 171 (883) lots of 100 tonnes.

GRAINS

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Sep	105.35	-0.05	99.80	+0.55
Nov	107.35	-0.05	101.50	+0.30
Jan	111.00	-0.10	105.15	+0.25
Mar	114.40	—	108.55	+0.25
May	118.15	—	112.15	+0.35
July	121.65	-0.05	—	—

Business done—Wheat: Sept 105.60-105.35, Nov 107.55-107.35, Jan 111.15-111.00, March 114.65-114.40, May 118.20-118.15, July 121.70-121.60. Sales: 307 lots of 100 tonnes. Barley: Sept 100.00-99.30, Nov 101.75-101.25, Jan 105.35-104.90, March 108.85-108.40, May 112.35-111.80. Sales: 343 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 105.00, E. Mids 107.00, Scotland 106.00. Feed barley: Eastern 97.00, E. Mids 98.00, N. East 99.00, Scotland 97.00. The UK Monetary Coefficient for the week beginning Monday Sept 28 (based on HGCA calculations using four days' exchange rates) is expected to change to 0.981.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 2 14 per cent Oct 113.15, mid-Oct/mid-Nov 113.80, Nov 14.55, mid-Nov/mid-Dec 115.50, Dec 17.55 transhipment East Coast sellers. English Feed fob Sept 110.50, Nov 112.50 East Coast sellers. Maize: French Sept/early Oct 127.50 transhipment East Coast. Barley: English Feed fob Sept 104.00, Oct 104.25 sellers East Coast, Nov 106.00 paid East Coast Scotland. Rest unquoted.

RUBBER

The London physical market opened easier, and drifted lower throughout the day, to close quiet. Lewis and Peat report a fob price for No. 1 RSS in Kuala Lumpur of 249.5 (252.0) cents a kg and SMR 20 195.0 (196.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Oct	54.60-54.60	55.70-55.90	54.60
Nov	55.50-56.70	56.60-58.80	—
Oct-Dec	55.40-55.50	58.60-56.70	58.90-55.00
Jan-Mar	58.60-58.60	59.60-59.70	59.20-57.80
Apl-Jne	61.60-61.70	62.80-62.90	62.90-61.00
Jly-Sept	64.70-66.00	66.00-66.10	65.10-64.70
Oct-Dec	68.10-68.20	69.50-56.10	69.10-67.90
Jan-Mar	71.40-71.60	72.50-72.80	—
Apl-Jne	74.60-74.70	75.60-75.50	74.60-74.30

Sales: 284 (333) lots of 15 tonnes: 8 (nil) lot of 5 tonnes. Physical closing prices (buyers) were: Spot 54.00p (55.50p); Oct 53.50p (54.00p); Nov 54.50p (55.00p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 40 tonnes. Only scattered interest was displayed in most varieties. Many users were not disposed to operate freely, and apart from some specialist growths, the call for supplies was patchy.

SOYABEAN MEAL

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
October	141.00-42.0	+0.75	141.50-41.00
December	135.20-35.4	-0.15	135.20-34.70
February	137.60-37.7	-0.30	137.60-37.00
April	138.50-40.5	-0.30	—
June	141.60-42.0	-0.20	141.50
August	141.50-45.0	-0.75	—
October	141.00-47.5	-1.25	—

Sales: 63 (55) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £158.00 (£152.00) a tonne cif Sept-Oct-Nov shipments. White sugar daily price £174.00 (£165.00).

The market opened higher and improved during the morning. Later all the gains were lost, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's close	Previous close	Business done
	£ per tonne		
Oct	158.50-59.90	155.50-56.50	163.00-55.50
Jan	163.50-65.00	164.00-66.00	170.00-61.50
March	175.00-75.05	176.50-73.85	177.75-71.50
May	178.85-77.10	177.10-77.20	181.50-75.50
Aug	180.85-81.05	180.75-81.25	185.50-80.50
Oct	183.65-84.05	183.75-84.25	186.00-83.58
Jan	184.05-84.50	184.00-85.00	—

Sales: 5,615 (7,912) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £380.4 (same) a tonne fob for home trade and £226.5 (£258.0) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for Sept 18: Daily price 10.85 (10.61); 15-day average 11.42 (11.57).

JUTE

JUTE — Oct c and f Dundee: BWC £273, BWD £224, BTB £310, BTC £273, BTD £225; Antwerp: BWC $506, BWD $420, BTB $570, BTC $506, BTD $422. Dundee: Oct 40 inch 10 oz £11.24, 40 inch 7.5 oz £8.77. B Twills £32.80.

TEA AUCTION

LONDON TEA AUCTION—Assams and Africans often gained several pence apart from poorer dusts, which were a weak feature. Ceylon's BOP's were generally dearer with BOPF's firm to dearer while dusts were mainly unwanted. Quotations: Quality 130p per kilo (125p), Medium 103p per kilo (102p), Plain no quotation (same).

POTATOES

LONDON POTATO FUTURES—February and April fell further on general selling before some late buying interest recovered some of the losses, reports Coley and Harper. Closing prices: Nov 75.00, +1.00, (high 75.00, low 73.50); Feb 89.10, -1.10, (high 89.20, low 88.10); April 104.80, -1.40, (high 106.00, low 103.60). Turnover: 420 (885) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 76.0 to 79.3; Ulster hindquarters 93.0 to 95.8, forequarters 55.0 to 57.0. Lamb: English small 62.0 to 71.0; Medium 63.0 to 70.0; Scotch heavy 62.0 to 66.5; Imported Frozen: New Zealand PL 64.0 to 64.5. Pork: English, under 100 lb 42.0 to 51.0, 100-120 lb 44.0 to 51.0, 120-160 lb 43.0 to 49.2.

MEAT COMMISSION—Average fatstock prices at representative markets on Sept 21. GB—Cattle 88.26p per kg lw (+0.76). UK—Sheep 153.21p per kg est dcw (+13.34). GB—Pigs 71.44p per kg lw (+3.17).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Valencia Lates 48 5.50, 56 6.30, 72 6.25, 88 5.40, 112 5.35, 138 5.30, 150 4.95; Brazilian: 113/64 4.60-5.20; Argentinian: 64/72/88/100 6.60-7.00. Lemons—Spanish: Boxes 6.00-8.50, trays 25/50 2.80-4.30; Outspan: 80/195 7.50-10.50; Chilean: 80/180 8.50-10.00. Grapefruit—Outspan: 27 4.20, 32 4.85, 36 5.00, 40 5.30, 48 5.00, 56 4.40, 64 4.10, 72 3.30; Cuban: 36/40/48 4.30-4.50; Honduras: 32/56 5.00-5.50; Argentinian: Ruby 36/40 6.50. Mandarines—Brazilian: 48/75 5.00-6.00. Apples—French: New crop; Golden Delicious 20-lb 3.00-3.20, 40-lb 8.00, Stark Crimson 40-lb 7.50-8.00, Granny Smith 9.00; Spanish: Granny Smith 7.50-8.30. Pears—French: Per 28-lb Williams 3.50, Alexandrine 2.80; Italian: Per pound 0.15-0.20; Spanish: Per pound 0.14-0.19. Nectarines—U.S.: 64 12.00. Plums—Italian: 20-lb Stanley 3.50, President 4.00-5.00; Romanian: 9 kg 2.50; Spanish: 11-lb 1.80-2.20. Grapes—Spanish: Alphonse Lavallee 11-lb 2.00-2.40, Almeria 11-lb 2.80, Negra 2.80; French: Alphonse 13-lb 2.80-3.20; Italian: Regina 1.50-1.80, Italia per pound 0.20-0.25. Melons—Spanish: 10 kg yellow 1.60-3.00. Water-melons—Hungarian: 13 kg yellow 2.00-3.20; Greek: 4.00-5.00; Spanish: 3.00-3.50. Peaches—Italian: Large trays, A/C 2.20-3.50. Pineapples—Ivory Coast: Each 0.35-1.10. Bananas—Colombian: Per pound 0.19-0.20. Avocados—U.S.: 20's 8.00; S. African: by air 3.00-4.00. Onions—Spanish: Grano 2/6 2.60-3.00. Capsicums—Dutch: 5 kg red 4.20, green 3.30, yellow 4.60. Aubergines—Dutch: 5-lb 5.20. Cabbages—Dutch: White 2.50-2.80, red 3.00-3.20. Chillies—Dutch: 3 kg 2.80. Artichokes—French: Globe 24's 4.80. Strawberries—U.S.: 12-oz 1.20. Raspberries—U.S.: 8-oz 1.30.

English Produce: Potatoes—Per 55-lb white 2.40-2.50, red 2.60-2.70, King Edwards 2.80-3.20, jacket 3.20. Mushrooms—Per pound: open 0.40-0.50, closed 0.60-0.70. Apples—Per pound Bramley 0.10-0.18, Lord Derby 0.09-0.12, Howgate 0.10-0.12, Worcester Tydeman 0.12-0.18, Cox's 0.25-0.30, Worcester Pearmain 0.14-0.20. Pears—Per pound, Williams 0.10-0.12, Conference 0.12-0.15. Cauliflowers—Per pound, Lincoln 1.80-2.20. Cabbages—Per bag, Primo 30-lb 1.00-1.20. Lettuce—Per 12 round 0.80, Cos 10/12 1.80-2.00, Webb's 1.60-1.80. Tomatoes—Per 12-lb D 1.60, E 1.40. Radishes—Per pack 12 x 8-oz 1.50, bunches of 15 1.50. Onions—Per tray x 20 bunches, spring 2.90, 55-lb 40/60mm 2.40-2.80. Cucumbers—Per 10/20 1.50-1.80. Carrots—Per 28/28-lb 0.80-1.20. Strawberries—Per ½-lb 0.40-0.50. Raspberries—Per ¼-lb 0.60-0.70. Plums—Per 12-lb Bush 1.50-1.80, Majorie's 3.80-4.20, Laxton Cropper 1.80-2.20. Beetroots—Per 28-lb 1.00-1.20. Marrows—Per box 1.00-1.20. Fennel—Per 10-lb 3.00. Parsnips—Per 28-lb 2.00. Stick Beans—Per pound 0.10-0.20. Swedes—Per net 1.20-1.30. Leeks—Per 10-lb 2.00-2.40. Courgettes—Per tray 1.20-1.50. Blackberries—Per ½-lb 0.20. Sprouts—Per 20-lb 2.20-3.00. Pumpkins—Per pound 0.10-0.15.

★

GRIMSBY FISH—Supply firm, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £5.00-£6.00, codlings £3.00-£4.80; Large haddock £3.80-£4.40, medium £3.00-£3.80, small £1.70-£2.40; Large plaice £5.40-£5.80, medium £4.60-£5.40, best small £3.70-£4.40; Skinned dogfish, large £12.00-£14.00, medium £11.00-£12.00; Lemon soles, large £10.50, medium £9.50; Rockfish £3.50; Saithe £2.60-£2.80.

PRICE CHANGES

In tonnes unless otherwise stated.

	Sept. 21 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1175/1205	......	$1220/260
Copper			
Cash w'bar	£950.25	+8.25	£937.25
3 mths	£986.25	+10.5	£967.25
Cash Cathode	£950.0	+9	£936
3 mths	£979.5	+10	£961
Gold troy oz	$466.0	+10.5	$419.5
Lead Cash	£417.75	+9.25	£395
3 mths	£430.5	+10	£403.25
Nickel	£4106.25	......	£4,087.5
Free mkt	265/290c	......	275/295c
Platin'mtr'y oz	£260	......	£260
Free mkt	£244.45	+6.7	£226.90
Quicksilver	$425/435	......	$425/455
Silver troy oz	567.25p	+9.45	504.80p
3 mths	577.25p	+10.2	521.10p
Tin Cash	£8455	+190	£7925
3 mths	£8447.5	+155	£8135
Tungsten 22.01lb	$145.86	......	$145.43
Wolfrm 22.04lbs	$144/148	......	$142/148
Zinc Cash	£506½	-5	£493
3 mths	£524.75	-5.75	£509.25
Producers	$1066	......	$925/1005
Oils			
Coconut (Phil)	$522.5x	......	$560
Groundnut	$960w	......	‡
Linseed Crude	£432	......	£448
Palm Malayan	$507.5y	......	$530
Seeds			
Copra Philip	$355	+15	$355
Soyabean (U.S.)	$268x	......	$283.5
Grains			
Barley Fut. Nov	£101.50	+0.3	£102.80
Maize	£127.50w	......	£125
Wheat Fut. Nov	£107.35	-0.05	£108.20
No2 Hard Wint	‡	......	£117.75
Other commodities			
Cocoa ship't*	£1,409	+4	£1,250
Future Dec.	£1298.5	+4	£1,225.5
Coffee Ft' Nov.	£1019.5	-18	£954.5
Cotton A.Index	75.25c	-0.1	79.35c
Gas Oil Oct.	$303	+0.5	$302.25
Rubber (kilo)	54p	-1.5	58.5p
Sugar (Raw)	£158wy	+6	£188
Wooltops 64s kl.	396p kilo	......	391p kilo

‡ Unquoted. z Oct. y Nov. x Oct.-Nov. w Sept-Oct. † Per 76-lb flask. * Ghana cocoa. n Nominal.

AMERICAN MARKETS

NEW YORK, Sept 21.

Maize and soyabeans were under selling pressure on the outlook for favourable harvest weather, while wheat traded higher due to active export inquiry. Precious metals and copper strengthened on U.S. prime rate reductions and continuing tension in Poland. Cocoa was slightly lower on profit-taking despite buffer stock purchases to begin at the end of the month. Coffee finished with large gains on roaster interest in advance of a decision on ICO export quotas. Sugar was supported by EEC plans to stockpile sugar and reduce 1982 plantings, reported Heinold.

Copper—Sept 79.55-79.80 (78.35), Oct 80.70 (78.70), Nov 80.95, Dec 82.15-82.25, Jan 83.30, March 85.55-85.65, May 87.65, July 89.60, Sept 91.60, Dec 94.60, Jan 95.60, March 97.65, May 99.70, July 101.75. Sales: 5,000.

Potatoes (round whites)—Nov 73.5 (73.2), Feb 84.0 (83.5), March 89.0, April 102.6-102.7. Sales: 618.

¶Silver—Sept 105.10-105.40 (990.0), Oct 105.30 (100.20), Nov 106.80, Dec 108.00-108.50, Jan 109.85, March 112.70-113.40, May 115.80, July 118.75, Sept 121.65, Dec 126.00, Jan 127.45, March 130.35, May 133.25, July 136.15. Handy and Harman bullion spot: 1065.00 (1005.00).

Sugar—No. 11 Oct 11.40-11.42 (11.08), Jan 12.25-12.30 (11.80), March 12.88-12.90, May 13.25-13.28, July 13.56, Sept 13.78, Oct 13.90-13.92. Sales: 9,021.

Tin— 700.00-710.00 (680.00-691.00).

CHICAGO, Sept 21.

Laird—Chicago loose 23.00 (22.75).

Live Cattle—Oct 67.75-67.65 (67.97), Dec 67.80-67.90 (68.05), Feb 66.05-65.95, April 65.75-65.70, June 66.42, Aug 65.90-66.00, Oct 65.10.

Live Hogs—Oct 50.87-50.80 (50.92), Dec 53.10-52.95 (53.52), Feb 53.10-53.05, April 50.30-50.10, June 52.47, July 52.50-52.60, Aug 51.02, Oct 49.65, Dec 50.75.

Pork Bellies — Feb 68.05-68.30 (68.30), March 68.60-68.75 (68.42), May 69.20-69.27, July 70.15, Aug 69.35-69.65.

WINNIPEG, Sept 21.

§Barley—Oct 127.00 (127.00), Dec 121.70 (121.70), March 125.40, May 129.40-129.80, July 132.10.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. || $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, Sept 21.

Maize—(U.S. $ per tonne): U.S. No Three Corn Yellow Sept 130, Oct/Dec 134, Jan/Mar 143, April/June 148.

Wheat—(U.S. $ per tonne): U.S. Two Dark Hard Winter 13.5 per cent Oct 199, Nov 203, Dec 206, Jan 212, Feb 214, Mar 216. U.S. No Two Red Winter Sept 174, Oct 180. U.S. No Three Amber Durum Oct 190, Nov 198, Dec 206. U.S. No Two Northern Spring 14 per cent Oct 188.75, Nov 193, Dec 198, April and May 207.

Sugar—(FFr per tonne): Nov 1625/1650, Dec 1665/1676, Mar 1755/1759, May 1800/1805, July 1810/1850, Aug 1840/1880, Oct 1850/1890, Nov 1850/1890. Sales at call 9.

PARIS, Sept 21.

Cocoa (FFr per 100 kg): Sept 1270, Dec 1260-1300, March 1302-1320, May 1325-1335, July 1335-1355, Sept 1380 bid, Dec 1400 asked. Sales at call: nil.

INDICES

FINANCIAL TIMES

Sept 18	Sept. 17	Month ago	Year ago
258.89	257.99	259.78	279.12

(Base: July 1, 1952=100).

MOODY'S

Sept. 18	Sep. 17	Month ago	Year ago
1021.4	1025.5	1063.4	1320.5

(December 31, 1931=100)

DOW JONES

Dow Jones	Sep. 18	Sept. 17	Month ago	Year ago
Spot	346.90	345.66	362.96	463.81
Fut'rs	371.06	370.30	375.86	478.67

(Average 1924-25-26=100).

REUTERS

Sep. 21	Sep. 18	M'nth ago	Year ago
1655.8	1662.0	1674.0	1769.1

(Base: September 18, 1931=100)

India buys sponge iron

NEW DELHI—Indonesia is selling India 300,000 tonnes of sponge iron to aid the steel furnace industry which is facing a serious shortage of steel scrap, according to the Indian steel ministry.

India will pay for the sponge iron—the largest amount it has ever purchased—at $110.50 fob per tonne, under a contract contract signed this month.

Shipments begin next month and will continue until December 1982.

India imported 50,000 tonnes of sponge iron from Indonesia last year, and 30,000 tonnes in 1979.

But much larger imports became necessary this year to avoid a shutdown of the furnace, or "mini-steel" industry because of an acute scrap shortage.

India's mini-steel plants have an annual licensed capacity of 3.6m tonnes.

COMPANY NOTICES

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN YAMAICHI SECURITIES CO., LTD.

NOTICE IS HEREBY GIVEN that at a meeting of the Board of Directors of Yamaichi Securities Co., Ltd., held on September 14, 1981, it was resolved that a free distribution of shares be made to shareholders in the ratio of 0.05 share for each 1 common share of Y50 each (1 new for each 20 old) as of record date 3.00 pm Tokyo time, September 30, 1981.

With effect from September 26, 1981 the shares will be traded on the Japanese Stock Exchanges ex-rights. Coupon No. 1 attached to the EDRs will deem to have matured on September 26, 1981, and will be used for the purpose of claiming these rights and Coupon No. 1 should be detached from any EDRs presented for surrender on or after that date.

The registration of shareholders of the Company will be suspended during the period from October 1, 1981 to the close of the Ordinary General Meeting of shareholders expected to be held in the middle of December and during this period it will not be possible to register the transfer of shares withdrawn against the surrender of EDRs.

A further notice will be published as soon as practicable giving the date of distribution of the new shares.

CITIBANK, N.A.
London Depositary.

September 22, 1981.

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK J. P. MORGAN & CO. INCORPORATED

A cash distribution of $0.775 per Depositary share will be payable on and after the 22nd October 1981 upon presentation of Coupon No. 44 at—

Morgan Guaranty Trust Company of New York,
30 West Broadway,
(Corporate Trust Department, New York).

35 Avenue Des Arts, Brussels,

Morgan House, 1 Angel Court, London.

82 Frankrijklei, Antwerp.

at the designated rate, less applicable taxes.

This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan & Company Incorporated on the 15th October 1981.

COMPANY NOTICE

ICI INTERNATIONAL FINANCE LIMITED

Copies of the 1980 Annual Accounts of ICI International Finance Limited can be obtained from the Registrar's Department, Imperial Chemical Industries PLC, LONDON, SW1P 3JF.

LONDON STOCK EXCHANGE

Secondary issues lead fresh slide in equity values but Gilts regain early falls on U.S. Prime rate cuts

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Aug 28	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2

* "New-time" dealings may take place from 9.30 am two business days

Fears that interest rates would have to rise still further because of renewed money market pressures dominated London stock markets again yesterday. Leading shares had another harrowing day and the FT 30-share index fell 8.5 more to 506.9 for a loss of 46.5 over the last six trading days.

Sterling's continued weakness against most European currencies coupled with an early fresh upturn in short-term money market rates triggered fresh selling of equities. Leading issues weakened quite sharply after the first hour or so of business, while increased pressures on secondary stocks suggested forced liquidation, perhaps to cover losses incurred recently in popular Electricals and other first-line issues. Double figure losses were commonplace throughout all sectors and the broadly based FT-Actuaries All-Share index fell 1.9 per cent to 299.62.

Bright spots were few, but Serck provided a notable exception and closed 24 up at 60p following an early raid on behalf of BTR Industries; 4.7m shares in Serck were purchased in the market at 60p per share and BTR subsequently offered the same terms to remaining Serck shareholders. Elsewhere in the Engineering sector, Simon Engineering and Ransomes Sims weakened sharply after their interim trading statements.

Reflecting the pound's weakness against Continental currencies, Gilt-edged securities recorded early falls ranging to ½, but rallied significantly on news of U.S. prime rate cuts, one to 19 per cent. Long-dated issues regained all the lost ground to close at last Friday's levels and short-dated issues also rallied from early dullness excepting low coupon issues which still showed falls of ½ and sometimes more.

Traded options recorded 1,351 deals, slightly above last week's daily average of 1,241. Marks and Spencer attracted an active call business with 315 deals completed. Racal were noticeable as regards puts, recording 162.

Yesterday saw the debut of London Private Health Group in the Unlisted Securities Market; after opening at the placing price of 28p, the shares fell to 25p before rallying to close at 29p.

Willis Faber fall

Further sizeable falls were recorded in Insurances. Willis Faber were vulnerable and fell 17 to 358p, while C. E. Heath, 283p, and Sedgwick, 140p, declined 7 apiece. Awaiting tomorrow's interim results, Stewart Wrightson cheapened 5 to 218p.

Despite continuing talk that base lending rates may have to rise even further, the major clearing banks drifted lower on sporadic offerings and lack of support. Barclays lost 8 at 438p as did Lloyds, at 388p. Hambros, 15 down at 140p, led the retreat in merchant banks. Mercury Securities gave up 12 at 218p and Manson Finance eased 5 to 78p.

Mainly reflecting the absence of support, leading Buildings drifted lower. Blue Circle lost another 8 at 478p and Ready Mixed Concrete shed 3 more at 190p. Tarmac gave up 10 to 384p despite the increased interim dividend and profits and Board's confident statement. Barratt Developments, preliminary results due today, fell 15 to 227p. Feb International issues came under pressure, the ordinary falling 10 to 74p and the "A" 12 to 70p, while small offerings clipped 8 or so from John Mowlem, 164p, and SGB, 142p. Ruberoid closed 5 off at 85p and Brown and Jackson 4 down at a 1981 low of 28p.

ICI held up well to close unchanged on balance at 266p, after extremes of 264p and 268p. Fisons rose to 138p in immediate response to the interim results but drifted off to end a net 2 cheaper at 133p. Laporte became a nervous market in front of today's interim results and finished 4 down at 112p.

Pittard pleases

Leading Stores steadied after their recent sharp setback. Gussies "A" were actively traded and touched 413p before recovering to end only 3 lower on balance at 415p. Elsewhere, profit-taking clipped 13 more from Polly Peck, at 270p, and 9 more from Cornell Dresses, at 143p, while recent speculative favourite Alfred Preedy gave up 5 at 70p for a similar reason. Owen Owen remained on offer ahead of Thursday's half-timer and dipped 10 to 225p. Currys, also due to report shortly, fell 6 to 176p. Pittard stood out among otherwise dull Shoes, rising 3 to 49p following the sharply increased interim earnings.

Although closing a few pence above the day's lowest levels, Electrical leaders again sustained fairly heavy falls as sellers continued to hold sway. Down 36 last week, GEC fell 14 more to 708p, while Thorn EMI relinquished 7 further to 433p as did BICC, to 245p. Elsewhere, losses were even more substantial with the recently popular United Scientific closing 36 down at 450p. Farnell, 435p, Ferranti, 490p, and Memec, 203p, all lost 20, while Automated Security fell 18 to 147p and Telephone Rentals 13 to 312p.

Marked strength in Serck helped relieve the gloom in a demoralised Engineering sector. The recipient of a share raid by Rockwell of the U.S. in February of last year, Serck jumped 24 yesterday to 60p in the wake of a similar raid and subsequent 60p per share cash offer from BTR; the latter shed 8 to 312p. One other firm feature was provided by RCF's 7 per cent Preference issues which were marked up 30 to 68p in response to news of a 70p per share bid from Bardsey. In stark contrast, Simon plummeted 37 to 375p on disappointing interim results, while Ransomes Sims and Jefferies fell 20 to 153p following news of the first-half deficit. Selling ahead of Thursday's interim figures left Haden 16 down at 217p, while APV, half-yearly results due today, fell 10 to 220p. Staveley, 192p, Molins, 158p, and Mining Supplies, 108p, all lost around 11 and Baker Perkins dipped 5 to 81p. Hawker lost 10 to 300p among the leaders but Vickers rallied from a lower early level of 144p to close unaltered at 147p.

Avana, down to 238p at one stage, picked up to close only 5 cheaper on balance at 245p following news that Northern Foods, 5 down at 140p, had entered into an agreement to acquire a further 9 per cent of the company's equity at 250p per share. Other Foods encountered fresh offerings which left Associated British down another 5 at 132p and Unigate 3 lower at 89p.

With the notable exception of Grand Metropolitan, which closed unaltered on balance at 175p, leading Hotels and Caterers weakened further. Ladbroke dropped 13 to 135p and Trusthouse Forte 4 to 116p with the latter's new nil-paid shares 4 down at 4p premium. Elsewhere, M. F. North, speculatively supported last week on bid hopes, rose 5 more to 45p.

Beatson Clark pleases

A jump of 12 to 160p in Beatson Clark in response to the better-than-expected interim results along with a rise of 10 to 112p in A. Holden following demand in a thin market were the only bright spots in a depressed miscellaneous industrial sector. Secondary issues bore the brunt of the selling with double figure gains common place. Ricardo plummeted 33 to 420p and Royal Worcester fell 20 to 190p. AGB Research relinquished 24 to 208p while Bestobell receded 18 to 392p. Dry-cleaning shares came on offer with Johnson Cleaners 14 off at 219p and Sketchley 9 lower at 259p. Vinten, 316p, and Barget, 155p were both around 16 lower. Unilever, 17 down at 580p, led the leaders lower with Glaxo notable for a fresh fall of 10 to 372p.

Interest in Properties was extremely small. Land Securities, after opening a few pence higher on favourable Press comment, drifted back to close 2 cheaper on balance at 293p. MEPC finished 6 off at 203p, after 202p, while Haslemere Estates lost 8 at 388p and Hammerson A 15 at 605p.

Among secondary issues, M. P. Kent shed 12 to 132p and Rosehaugh 8 to 290p. Federated Land gave up 12 at 113p on disappointment with the interim results. Carlton Real Estates, suspended last week at 34p awaiting listing in the Unlisted Securities Market, made its USM debut at 35p, but reacted to 30p; the 10 per cent Convertible closed at £122.

Oils above worst

A small late recovery left leading Oils a few pence above the worst. British Petroleum settled a net 6 cheaper at 278p, after 274p, and Shell a like amount down at 358p, after 356p.

Investment Trusts continued to reflect the easier equity trend and closed with falls extending into double-figures. Atlantic Assets fell 13 to 240p, while Jardine Securities gave up 11 at 114p. Financials also went lower. Mercantile House, 410p, and English Association, 350p, fell 20 and 10 respectively, while Aitken Hume were 12 down at 192p. Welbeck, which announced sharply lower first half profits, fell 5 to 30p.

South African industrials generally displayed a firmer appearance. Barlow Rand, 445p, and OK Bazaars, 870p, improved 12 and 20 respectively, while South African Breweries rose 7 to 207p.

Recent speculative favourite Barlow dropped 11 to 99p on disappointment with the effective Malaysianisation of the company, which will preclude any further takeover developments and subject UK holders to Malaysian tax on dividends. Elsewhere in Plantations, bid speculation fuelled by Press comment lifted Boustead 9 to 143p, but Majedie, at 92p, lost Friday's gain of 7.

Golds rally

Golds staged a strong recovery, after losing ground for the previous four trading days, as the bullion price advanced $18.50 to $466—its highest closing level since June 15—an ounce owing to currency uncertainties and continued concern over the situation in Poland.

Share prices opened stronger and edged higher throughout the day as persistent light buying interest again found the market short of stock. Closing quotations were easily the day's best and the Gold Mines index moved up 11.7 to 401.1.

In the heavyweights gains of a point and sometimes more were common to Randfontein, £28¼, Vaal Reefs, £38½, President Brand, £24¾ and St. Helena, £21¼, while the marginals showed Durban Deep ¾ up at a year's high of £13¼. Unisel rose 39 to a 1981 high of 583p.

South African Financials mirrored the gains in Golds. "Amgold" put on £1¼ to £49¾, Anglo American Corporation 20 to 780p and UC Investments a like amount to 680p.

The Bermuda-based Minorca encountered persistent and widespread selling ahead of the dividend announcement. Platinums registered good gains, Impala being 13 firmer at 423p, while in Diamonds, De Beers were 10 higher at 380p.

Tanks highlighted London Financials as heavy London demand, amid persistent takeover speculation, lifted the shares to 360p, before a close of 357p, for a net gain of 22.

Other London stocks suffered from the renewed weakness of UK equities. Charter were 3 cheaper at 285p, while Gold Fields could only manage a 2 gain at 510p, despite the sharp rise in the bullion price.

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (13)

BANKS (2)
Commerz Bank, Deutsche Bank
STORES (1)
Tricoville
ENGINEERING (1)
Serck
HOTELS (1)
North (M. F.)
INDUSTRIALS (2)
Bellair Cosmetics, Holden (A.)
PAPER (1)
Assoc. Paper
SOUTH AFRICANS (1)
Greatermans 'A'
MINES (4)
Durban Deep, Unisel, Free State Dev., Cons. Murchison

NEW LOWS (208)

BRITISH FUNDS (11)
CORPORATION LOANS (6)
LOANS (1)
FOREIGN BONDS (1)
AMERICANS (7)
CANADIANS (1)
BANKS (9)
BUILDINGS (10)
DRAPERY AND STORES (13)
ELECTRICALS (7)
ENGINEERING (14)
FOODS (3)
HOTELS (2)
INDUSTRIALS (39)
INSURANCE (1)
LEISURE (2)
NEWSPAPERS (1)
PAPER (1)
PROPERTY (18)
SHIPPING (3)
SHOES (2)
TEXTILES (3)
TRUSTS (22)
OIL AND GAS (20)
OVERSEAS TRADERS (4)
MINES (7)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	—	26	66
Corpns. Dom and Foreign Bonds	3	25	42
Industrials	61	773	537
Financial and Props.	16	346	141
Oils	11	56	36
Plantations	3	2	18
Mines	70	36	82
Others	31	91	77
Totals	195	1,355	979

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barratt Devs.	227	−15	LASMO	445	−5
Boots	212	−5	Marks and Spencer	122	−2
Fisons	133	−2	Plessey	325	−5
GEC	703	−14	Reed Intl.	240	−4
GUS "A"	415	−3	Tarmac	384	−10
Ladbroke	135	−13	Unilever	580	−17

FRIDAY ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
Hambro Life	18	376	−34	Racal Elec.	14	418	−12
Unilever	17	597	−21	GEC	13	722	−14
BTR	15	320	−18	BICC	12	252	—
RTZ	15	495	−20	Cns. Gold Flds.	12	508	−22
Beecham	14	199	−11	Euro. Ferries	12	67	−3
GKN	14	162	−16	ICI	12	266	−8
Hanson Trust	14	275	−13	LASMO	12	450	−25

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 21	Oct 2	Dec 17	Dec 28
Oct 5	Oct 16	Dec 31	Jan 11
Oct 19	Oct 30	Jan 14	Jan 25

For rate indications see end of Share Information Service

Stocks favoured for the call included Premier Oil, J. Hepworth, FNFC, Gestetner A, Dufay Bitumastic, Clyde Petroleum, GEC, Boustead, Dowty, Comtech, Ultramar, ICI, Debenhams, Kwik-Fit, Hambro Life, Burmah, Johnson and Firth Brown and Dunlop. Puts were taken out in Barclays and International Investment Trust Warrants. Double options were recorded in BP, RTZ, ICI and Dunlop.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Sept. 21, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Sept. 18 Index No.	Thurs. Sept. 17 Index No.	Wed. Sept. 16 Index No.	Tues. Sept. 15 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	333.17	−2.4	10.82	4.75	11.40	341.29	348.62	350.16	353.68	287.53
2	Building Materials (25)	294.94	−2.4	15.49	5.80	7.37	302.07	306.93	308.26	311.95	255.41
3	Contracting, Construction (28)	540.20	−3.8	17.57	5.28	6.61	561.61	566.96	569.82	571.00	428.07
4	Electricals (30)	1099.23	−2.1	8.21	2.57	15.20	1122.82	1148.28	1146.31	1160.04	881.41
5	Engineering Contractors (10)	460.10	−4.0	13.89	5.93	8.48	479.43	488.65	488.26	488.44	345.47
6	Mechanical Engineering (69)	188.34	−1.9	12.53	6.02	10.32	192.07	197.58	198.87	202.07	179.22
8	Metals and Metal Forming (13)	154.82	−2.8	9.31	7.65	14.55	159.29	166.08	164.89	167.15	165.19
9	Motors (21)	98.11	−2.1	1.74	7.05	—	100.23	102.81	102.11	102.64	97.61
10	Other Industrial Materials (18)	346.92	−2.5	9.76	6.52	12.44	355.86	365.26	371.92	371.45	0.00
21	CONSUMER GROUP (195)	261.56	−1.8	13.12	6.35	9.43	266.46	273.43	273.69	275.83	242.15
22	Brewers and Distillers (20)	277.06	−1.0	16.14	6.96	7.45	279.77	285.56	284.37	288.93	293.83
25	Food Manufacturing (21)	248.93	−2.6	15.82	6.75	7.63	255.45	262.09	264.15	263.51	221.38
26	Food Retailing (14)	515.69	−2.6	9.54	3.44	12.52	529.40	539.99	540.76	545.04	394.54
27	Health and Household Products (7)	317.05	−1.8	8.74	4.66	13.67	322.95	333.99	331.21	336.25	237.63
29	Leisure (22)	410.37	−2.9	9.71	5.36	12.80	422.49	428.93	430.25	433.94	347.24
32	Newspapers, Publishing (12)	470.65	−2.0	13.07	6.30	10.96	480.03	480.95	478.10	480.99	447.14
33	Packaging and Paper (13)	131.75	−1.5	15.23	8.07	7.86	133.73	137.96	138.87	139.99	127.09
34	Stores (44)	241.00	−1.4	12.02	5.52	11.11	244.30	251.99	252.16	253.64	239.13
35	Textiles (23)	148.57	−2.5	8.11	6.25	17.51	152.41	155.52	155.83	156.62	118.81
36	Tobaccos (3)	245.12	−1.4	20.73	10.18	5.65	248.69	257.31	258.42	261.47	225.64
39	Other Consumer (16)	266.58	−2.1	4.56	6.34	56.06	272.33	277.06	278.79	276.13	0.00
41	OTHER GROUPS (79)	214.47	−1.9	11.63	6.65	11.01	218.62	224.13	224.15	225.95	224.69
42	Chemicals (15)	274.68	−1.0	6.87	6.61	27.02	277.34	286.97	283.35	288.32	310.79
44	Office Equipment (5)	102.31	−2.2	16.18	8.36	7.48	104.66	106.33	107.58	108.32	101.34
45	Shipping and Transport (13)	482.39	−1.7	21.96	7.59	5.42	490.69	498.43	499.37	499.77	577.43
46	Miscellaneous (46)	280.70	−2.9	13.43	6.00	9.03	289.21	294.93	298.24	298.31	280.73
49	INDUSTRIAL GROUP (488)	279.34	−2.1	12.05	5.67	10.29	285.20	292.11	292.75	295.30	256.96
51	Oils (12)	662.68	−1.7	21.88	8.69	5.18	674.32	691.79	684.50	689.67	840.08
59	500 SHARE INDEX	310.42	−2.0	13.70	6.18	8.83	316.75	324.51	324.53	327.29	303.16
61	FINANCIAL GROUP (119)	252.12	−1.7	—	6.01	—	256.39	261.67	262.47	263.21	251.55
62	Banks (6)	265.75	−1.7	33.48	7.06	3.52	270.46	273.88	274.43	272.77	258.29
63	Discount Houses (10)	249.92	−1.2	—	9.07	—	253.08	253.47	255.81	251.33	299.96
64	Hire Purchase (3)	220.86	−1.5	14.09	8.37	9.83	224.15	224.15	229.15	229.15	222.95
65	Insurance (Life) (10)	267.77	−1.0	—	5.92	—	270.39	281.25	282.27	281.83	265.20
66	Insurance (Composite) (9)	165.01	−0.9	—	8.11	—	166.49	170.14	171.81	172.81	178.98
67	Insurance Brokers (8)	408.58	−3.5	11.08	5.81	12.26	423.32	427.42	428.05	431.58	348.70
68	Merchant Banks (13)	150.48	−3.6	—	5.35	—	156.06	156.84	158.26	160.07	146.54
69	Property (50)	441.05	−1.6	4.37	3.22	30.96	448.17	460.49	458.78	463.42	462.93
70	Miscellaneous (10)	170.20	−2.7	18.82	6.55	6.47	174.96	175.86	176.85	176.30	152.52
71	Investment Trusts (109)	293.55	−1.8	—	5.44	—	298.97	304.55	308.83	310.72	281.95
81	Mining Finance (3)	252.64	+0.5	12.98	5.63	9.24	251.31	262.02	260.67	261.34	274.69
91	Overseas Traders (19)	414.51	−2.3	11.24	7.17	11.34	424.31	425.58	425.40	426.24	457.98
99	ALL-SHARE INDEX (750)	299.62	−1.9	—	6.11	—	305.31	312.47	312.87	315.97	295.25

FIXED INTEREST

	PRICE INDICES	Mon. Sept. 21	Day's change %	Fri. Sept. 18	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	105.65	−0.34	106.01	—	7.82
2	5-15 years	100.33	+0.02	100.60	0.29	9.20
3	Over 15 years	108.95	—	108.95	—	10.94
4	Irredeemables	109.66	—	109.66	—	9.05
5	All Stocks	101.98	−0.11	102.19	0.10	9.05
6	Debentures & Loans	78.33	−0.37	78.62	—	7.67
7	Preference	61.98	−0.50	62.29	—	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Mon. Sept. 21	Fri. Sept. 18	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	13.29	13.12	11.72
2		15 years	13.76	13.75	11.71
3		25 years	13.97	14.01	11.71
4	Medium Coupons	5 years	15.50	15.42	13.15
5		15 years	15.87	15.87	13.26
6		25 years	15.41	15.40	13.06
7	High Coupons	5 years	15.46	15.38	13.30
8		15 years	16.04	16.05	13.56
9		25 years	15.63	15.62	13.28
10	Irredeemables†		13.64	13.63	11.26
11	Debs & Loans	5 years	16.55	16.49	13.99
12		15 years	16.76	16.68	13.89
13		25 years	16.79	16.72	13.78
14	Preference†		15.98	15.89	14.50

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

FINANCIAL TIMES STOCK INDICES

	Sept. 21	Sept. 18	Sept. 17	Sept. 16	Sept. 15	Sept. 14	A year ago
Government Secs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Industrial Ord	506.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	401.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ord. Div. Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Earnings, Yld. % (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGHS AND LOWS / S.E. ACTIVITY

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low		Sept. 21	Sept. 18
Govt. Secs.	70.61 (20/5)	62.23 (21/8)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt-Edged Bargains	158.3	164.8
Fixed Int.	72.01 (26/5)	64.13 (21/8)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	80.8	78.6
					Value	261.4	259.7
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)	5-day Avrge. Gilt-Edged Bargains	163.1	156.7
Gold Mines	489.0 (14/3)	262.6 (23/6)	558.9 (22/9/80)	43.5 (26/10/71)	Equities Bargains	85.1	88.6
					Value	261.8	267.5

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Clive Investments (Jersey) Ltd.
P.O. Box 86, St. Peter Port, Guernsey. 0481 26521
C. H. Gilt Growth Fd.* £9.29 9.69 ... 3.61
Clive Gilt Fd. (C.I.) £7.83 8.17 ... 16.16
*Prices on September 16. Next dealing September 24.

Cornhill Ins. (Guernsey) Ltd.
P.O. Box 157, St. Peter Port, Guernsey.
Intnl. Man. Fd. 255.5 278.0 ... —

Cortexa International
10a, Boulevard Royal, Luxembourg.
Cortexa Intnl. US$9.14 — +0.12 —

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 86.2 86.3 ... 15.64
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM33.28 35.00 −0.45 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Sept. 18 $3.59 3.77 ... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM17.34 17.77 −0.25 —
Int. Rentenfonds DM59.12 60.60 ... —

Dreyfus Intercontinental Inv. Fd.

[illegible]

Hill Samuel Investment Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 76029
HS Channel Is. Fd. 137.3 146.5 −12.8 3.25
H.S. Fxd. Int. Fd. 83.0 87.0 ... 14.00
H.S. Intnl. Gth. Fnd. 119.0 126.9 +0.4 —
Box 2622, Bern, Switzerland. Telex 32425.

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

[illegible]

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	60.3	64.8	-0.7	2.23
Abbey Capital	47.9	51.8	-1.1	4.25
Abbey General	56.6	61.2	-1.3	5.01
Abbey Gilt & F.I. 1st.	94.2	99.2xd	-0.7	13.20
Abbey Income	36.5	39.2	-0.6	8.86
Abbey W'w.Bd.Tst.	102.8	108.8	+0.5	6.16
Abbey Inv. Ts. Fd.	52.6	56.3xd	-0.9	4.23
Equitas Prog. Tst.	81.8	88.4	-2.1	4.62

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623-6314.

AHR Gilt Trust	81.9	86.2	-0.1	13.75

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	87.6	93.7xd	-2.3	5.58
Brit. Inds. Fund	75.1	80.4	-1.9	6.34
Growth & Income	51.3	54.9	-1.2	4.55
Elect. & Ind. Dev.	45.8	49.0	-1.2	4.90
Allied Capital	97.5	104.3	-2.5	4.22
Hambro Fund	132.7	142.0	-2.9	5.65
Hambro Acc. Fund	187.8	200.9	-4.0	4.08
Income Funds				
High Yield Fd.	64.2	68.7xd	-1.6	8.73
High Income	79.5	85.1xd	-1.7	7.52
Equity Income Fd.	45.9	49.1	-1.0	7.52
Govt. Secs.	23.1	23.7	-0.1	13.08
International Funds				
International	37.4	40.0	-0.4	2.13
Japan Fund	30.8	33.0	+0.1	0.50
Pacific Fund	76.3	81.6	-0.2	1.27
Secs. Of America	83.6	89.9	-0.8	2.60
Specialist Funds				
Smaller Co.'s Fd.	57.4	61.4	-1.1	3.83
2nd Smlr. Co's Fd.	70.7	75.7xd	-1.4	3.96
Recovery	27.8	29.7	-0.4	4.75
Met. Min. & C'dty.	66.8	71.5	-0.9	5.13
Overseas Earnings	76.1	81.4	-1.6	5.04
Exempt Funds				
Income Exempt	51.5	54.1	-0.8	8.41
Far East Exempt	82.4	85.7	-0.1	1.31
Smaller Co. Exempt	96.0	100.8	-1.6	3.92
U.S.A. Exempt	132.4	137.7xd	-1.2	2.69

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	67.2	72.5	-5.5	3.39

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	163.0	173.0xd		9.96
Leics &Gen. Fd.	54.0	57.0xd		—

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 8827

Wieler Gwth Fd. Inc.	42.3	44.5xd		2.40
Do. Accum.	54.3	57.2xd		2.40

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY 01-236 5281

Capital†	33.7	36.7	-0.4	—
Commodity***	89.5	97.5	-0.4	2.13
(Accumulation)	141.4	154.1	-0.8	2.13
(10% Withdrawal)	65.0	70.8	-0.5	2.13
Eastern & Internat'l†	51.8	56.4xd	-0.1	1.00
(6% Withdrawal)	34.5	37.6	-0.1	1.00
Extra Income	80.5	87.7	-1.2	10.77
(Accumulation)	101.4	110.5	-1.4	10.77
Finance & Property*	24.0	26.1xd	-0.2	4.02
Foreign††	129.2	142.0	-1.2	1.00
Giants	45.5	49.5	-0.6	2.91
(Accumulation)	60.5	65.9	-0.6	2.91
Gilt & Fixed	36.4	38.7	-0.2	13.68
(Accumulation)	41.6	44.3	-0.2	13.68
Growth	40.7	44.3	-0.3	3.24
(Accumulation)	54.3	59.1	-0.6	3.24
High Income	34.0	37.0	-0.2	9.82
(Accumulation)	60.1	65.5	-0.4	9.82
(8½% Withdrawal)	45.1	49.1	-0.4	9.82
High Yield	37.9	41.3xd	-0.2	11.63
(Accumulation)	71.6	77.3xd	-0.4	11.63

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD 01-248 4984

High Income	33.5	36.7	-0.7	12.39
North American	61.1	66.0xd	-0.4	2.56
Canadian Exempt*	74.7	79.0		2.91
Canadian Trust	60.3	65.1	-0.1	2.74
Mid Mount High Inc.*	44.3	46.9		10.27
Recovery	55.3	59.5	-0.9	7.23
Gilt Trust	38.1	39.9xd	-0.3	14.53

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres Amer. Fd.	40.9	44.1	-1.0	0.57
Cres. Internat'l.	89.4	96.5	-2.4	1.55
Cres. High. Dist	43.2	46.6	-0.9	9.66
Cres. Reserves	49.8	53.7	-1.3	5.59
Cres. Tokyo	40.8	44.1xd	-0.2	0.28

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.3	24.8		6.97

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Sept. 11	257.8	275.0		4.75

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.8	20.9xd		8.38
Gt. Winchester O'seas	30.8	34.2xd		3.40

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M. (a) (b) (c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	89.0	93.6xd	-1.7	4.76

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American	36.9	39.7	-0.5	0.37
Amer. Spec. Sits.	27.8	29.9	-0.4	0.02
Gilt & Fixed Int.	21.8	22.9	-0.1	13.71
Growth & Income	33.4	36.0	-0.5	7.11
Max. Inc. Eq. Tst.	28.8	31.0xd	-0.4	9.15
Special Sits	39.5	42.5xd	-0.9	1.24

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow 041-204 1321

J. Finlay Internat'l	39.6	42.6		1.37
Accum. Units	49.3	53.0		1.37
J. Finlay High Income	36.1	38.8xd		8.55
Finlay Wld. Energy	17.6	18.9xd	-0.3	1.50
Accum. Units	22.7	24.4xd	-0.4	1.50
J. Finlay Fd. In. Tst.	41.7	44.8		3.87
Accum. Units	54.0	58.0		3.87

Prices on Sept. 16 Next dealing Sept. 23.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ 01-628 5181

Amer. & Gen.	86.6	92.6xd	-1.2	0.95
Am. T'around.	79.0	84.4	-1.0	1.99
(Accum. Units)	79.0	84.4	-1.0	1.99
Capital Tst.	63.4	67.6xd	-1.2	4.95
(Accum. Units)	68.2	72.8	-1.2	4.95
Convertible & Gilt	45.4	48.8	-0.4	10.25
(Accum. Units)	47.4	49.8	-0.4	10.25
Extra Income Trust	51.6	55.0	-0.6	9.89
Income Tst.	43.2	46.0	-0.6	7.95
Int. Growth Fd.	69.0	73.8	-0.6	1.21
(Accum. Units)	74.6	79.6	-0.6	1.21

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	81.5	87.7		6.00

Prices on Sept. 16. Next sub day Sept. 23

Friends Prov Units	65.3	69.5	-1.6	4.36
Do. Accum.	95.0	101.5	-2.4	4.36

Funds in Court*
Public Trustee, Kingsway, WC2 01-405 4300

Capital Sept. 17	148.8	153.5		4.61
Gross Inc. Sept. 17	79.3	81.4		12.04
High Yield Sept. 17	91.9	95.1xd		11.08

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.
16, Finsbury Circus, EC2M 7DJ 01-628 8131

G.T. Cap. Income	154.7	166.3		2.60
Do. Acc.	200.6	215.9		2.60
G.T. Inc. Fd. Un.	202.5	217.7		8.10
G.T. U.S. & Gen	215.2	231.3		1.50
GT Wld. Bd. Fd.	100.5	108.8		7.20
G.T. Japan & Gen.	128.2	137.8		0.80
Gt. Pens. Ex. Fd.	369.2	388.6		2.40
G.T Int'l Fund	259.8	279.3		1.50

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
45	32	Acmex 50c	42		Q2.5c	—	3.7
41	14	ACM 20c	26	–1	—	—	—
21	10	Argosy Gold NL 25c	10	–2	—	—	—
229	137	Bond Corp.	162		Q10c	♦	3.9
112	76	Bougainville I Kina	98	–1	‡Q25.4c	1.0	‡
302	214	CRA 50c	220	–6	Q19c	1.7	5.3
25	12½	Canada Northwest	12½		—	—	—
35	15	Carr Boyd 20c	16		—	—	—
415	46	Central Pacific	48	–4	—	—	—
35	12	Cons. Gold Mn. N.L. 50c	12		—	—	—
47	17	Coltus Pacific N.L.	17		—	—	—
68	22	Eagle Corp. 10c	30	–2	—	—	—
40	26	Endeavour 20c	26#		—	—	—
[illegible]	[illegible]	G. M. Kalgoorlie 25c	520	+5	Q32½c	♦	3.8

Tins

Copper

Miscellaneous

NOTES

other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	43		Conv. 9% '80/82	£92½	
Bertrams	10	+1	Nat. 9¾% 84/89	£69¾	
Bdg'wtr. Est. 50p	430	–5	Fin. 13% 97/02	£73¾	
Craig & Rose £1	£13		Alliance Gas	63	
Finlay Pkg. 5p	21		Arnott	225	
Graig Ship. £1	£21		Carroll (P.J.)	79½	
Higsons Brew	65		Concrete Prods.	98	
Holt (Jos) 25p	530	–10	Heiton (Hldgs.)	27	
I.O.M. Stm. £1	160	–7	Irish Ropes	44	
Pearce (C. H.)	850		Jacob	66	
Peel Hldgs.	101		T.M.G.	15	
Sheff. Refrshmt	90		Unidare	76	
Sindall (Wm.)	194				

OPTIONS

3-month Call Rates

Industrials		House of Fraser	14	Utd. Drapery
A. Brew.	6½	I.C.I.	20	Vickers
BOC Intl.	11	"Imps"	7	Woolworths
B.S.R.	7	I.C.L.	6	
Babcock	11	Ladbroke	30	Property
Barclays Bank	36	Legal & Gen.	20	Brit. Land

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Tuesday September 22 1981

EEC to build 2m tonnes sugar mountain in world prices bolster

BY JOHN WYLES IN BRUSSELS

THE European Commission is to stockpile about 2m tonnes of this season's sugar crop in a move aimed at boosting world prices and deflecting constant international criticism of its subsidies on agricultural exports.

...The move, the first on this scale by the EEC, should surprise and delight other world producers, which have seen world prices decline sharply over the past few weeks, partly due to the prospect of a record EEC sugar crop. It will also be welcomed by European oprducers, who appealed to the Commission last week for just such a decision.

Over the past three years exports have averaged between 3m and 4m tonnes a year. But the world market has been recoiling from the prospect that there may be 2m to 3m tonnes more for export because of an EEC crop variously predicted at between 13.5m and 15.5m tonnes compared with last year's 12.2m tonnes. Commission officials claim that the stockpile should peg 1981-82 exports back to recent levels.

The EEC has never before held such a large quantity back from the world market, but a combination of factors has persuaded Brussels officials that it would be economically and politically sensible to do so.

These include a desire for the Community to be seen as helpful and responsible in advance of possible negotiations on EEC membership of the International Sugar Agreement, under which exports quotas are fixed to stabilise world prices in times of over-supply.

There are strong supporters of membership both in the Commission and in some member States, which are anxious to start negotiations by November.

Equally important, however, is the fact that at current world prices the prospective record Community crop and export surplus poses serious problems for EEC sugar producers and to a lesser extent for the Community budget.

Under the new sugar regime introduced at the end of March, the cost of disposing, through export subsidy, of the bulk of the EEC surplus is supposed to be financed by the co-responsibility levy imposed on producers. Moreover, the Community has no responsibility at all for disposing of all quantities produced above the 11.7m tonne crop target. So the extra surplus would be a heavy burden for the EEC sugar industry.

EEC move will deflate critics, Page 26

Haig's private enterprise world plan

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE REAGAN Administration unveiled its broad strategy yesterday for world economic development, founded firmly on the principles of private enterprise and open markets.

Mr Alexander Haig, U.S. Secretary of State, assured the opening session of the United Nations General Assembly in New York that the U.S. would approach the problems of developing countries in a "constructive and co-operative spirit."

But he made no mention of favourite Third World projects such as a new round of "global negotiations" between rich and poor countries, and warned that it was "unrealistic" to hope for a massive increase in the transfer of resources from developed to developing countries.

"We believe that our collective responsibilities for the future allow no more time to be lost in sterile debates and unrealistic demands," he said.

Mr Haig, in a speech that bore the clear stamp of President Ronald Reagan, said the key to development lay in self-help, hard work, private investment and availability of economic incentives encouraging individuals to better themselves.

Equally, he said, denial of personal freedom could be as great an obstacle to productivity as denial of reward for achievement. But the U.S. would not seek to impose its own values on other countries.

Promising more specific proposals in the weeks ahead, Mr Haig outlined the major priorities as seen by Washington.

- **Strengthening** and opening up the international trading system, with greater involvement of developing countries in both its benefits and obligations of the system. This could be discussed at next year's Ministerial meeting of the General Agreement on Tariffs and Trade.
- **A smoothly-functioning** international financial system with greater developing-country participation in the International Monetary Fund. Responsibilities of developing countries should be increased to keep pace with their growing economic importance.
- **The poorer countries would** rely heavily on concessional aid for some time, but it must be concentrated on countries that needed it most and used it best. Loans from multilateral organisations like the World Bank should act as catalysts for private investment, as should bilateral aid.
- **Regional co-operation** as in the Association of South East Asian Nations and the proposed Caribbean Basin plan, should be encouraged, and private capital brought in where possible.
- **Use of economic incentives** policies which encouraged private initiatives would improve resource allocation and speed economic growth.
- **Economic development** required "a certain measure of security and political stability."

A robot for Europe in deal with Japanese

By Hazel Duffy in London and Charles Smith in Tokyo

A BREAKTHROUGH in efforts to enable Europe to benefit from Japan's achievements in high technology was achieved yesterday with the announcement of the first exchange of robot technology between Japan and the UK.

The privately-owned Sykes Group will first import a range of robots from Dainichi Kiko, a small specialised manufacturer, but expects to be making the full range in the UK within three years.

It is this licensing of technology to include manufacture which makes the agreement particularly significant in terms of the Anglo-Japanese collaboration on high technology being encouraged by the two Governments.

The Sykes group, a leading distributor of fuel oils with service station outlets, has set up a wholly-owned subsidiary, Dainichi-Sykes Robotics.

It has bought six robots for demonstration purposes at a new factory near Leyland, Lancs. The company has provision of an eight-acre site near the factory, where it plans to build robots.

Dainichi said yesterday that it believed Sykes would invest the equivalent of about Y2bn, (about £4.7m), in the venture.

The company has negotiated rights to market Dainichi robots throughout Europe, but the investment required for manufacturing is still under consideration.

This agreement is the first finalised technology exchange between a Japanese robot manufacturer and a British company.

It was cited as an example by officials from the Department of Industry who accompanied Sir Keith Joseph, then still Industry Secretary, on his visit to Tokyo last week

Fanuc, the Japanese machine-tool controls and robot manufacturer associated with Fujitsu, has expressed interest in furthering its association with the 600 Group in the UK.

Dainichi is a six-year-old private company which produces a range of seven robots described as multi-purpose.

These can be used for spot and arc welding and certain assembly tasks. Dainichi plans to launch two robots incorporating more advanced technology at the robot exhibition in Tokyo next month. They will be made available to Dainichi-Skyes.

Robot production at Dainichi's factory in the mountainous Yamanishi prefecture, about 100 miles from Tokyo, runs at about 20 units per month, which ranks it as a medium-sized manufacturer by Japanese standards.

THE LEX COLUMN

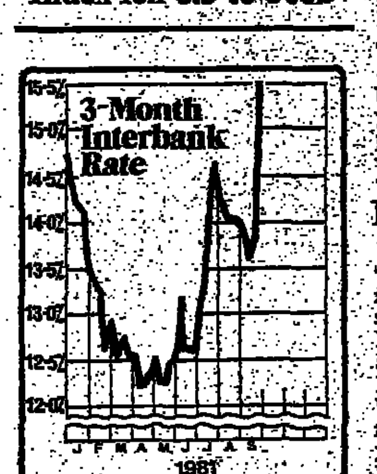
Why BTR pounced on Serck

BTR is bidding for Serck because it is an acquisitive company which likes to buy businesses with a strong position in a clearly identified market sector. Serck is a world leader in plug valves for gas and oil pipelines, and has other strong specialities. Its products are broadly complementary to BTR's existing valve interests, and it is coming to the end of a painful shift away from declining markets in the UK towards the international energy industry.

Just as important, Serck is available. The U.S. Justice Department gave Rockwell International four years to sell its near 30 per cent shareholding when it stopped Rockwell's attempted bid last year. BTR took an option on that stake, and topped it up in a market raid yesterday. Although there were welcome signs that institutional shareholders had decided to stick with the company pending the formal offer, BTR finished the day with 45 per cent of the shares under its belt.

Its offer is worth £25½m cash, which is two-thirds higher than the pre-bid price and a fat multiple on the profits that Serck seems capable of earning in the next couple of years. Serck may point to the scope for higher returns on its annual sales of over £100m and net worth of £37m. But having been saved twice from unwelcome bids in the past by anti-trust agencies, its days of independence now look numbered.

Index fell 8.5 to 506.9



Tarmac

Improved efficiency is still protecting Tarmac against declining volume in its main businesses. Profits before exceptional items have risen 20 per cent to £14.1m in the six months to June, despite a slight fall in turnover.

Volume in the UK quarrying division has fallen by around 10 per cent, which compares favourably with the 17 per cent volume drop reported by Amey Roadstone a week ago, even allowing for Tarmac's recent acquisitions. The construction business has apparently been tendering only for high margin business and here again profits have risen against a background of lower volume and orders.

There are certainly blots on the Tarmac copybook. International contracting remains in loss and, at a time of sluggish house prices and rising interest rates, the company's stock of second-hand houses is uncomfortably high. Tarmac is also finding it hard to contain the effects of falling volume in bitumen refining, where fixed costs are high and a strong dollar pushed up feedstock prices in the first half.

But, even in yesterday's falling market, the 11p fall in the share price to 384p seemed unduly harsh. Tarmac should at least make £47m pre-tax for the full year, against £44m and yesterday's increased interim suggests a prospective yield of close to 7 per cent. Borrowings should show no increase this year and, without a major acquisition, the much feared rights issue seems a long way off.

Fisons

Having slipped into pre-tax loss in the second half of 1980, Fisons has recovered slightly to show a profit of £1.6m, against £5.3m, in the first six months of 1981. Fertilisers are still losing money at the trading level, and the home markets for agrochemicals and scientific equipment remain desperately weak. As usual pharmaceuticals provide the bulk of trading profits—£7.3m out of £8.2m.

The second half should show some benefit from the fall in the pound, which has not come through at the interim stage as Fisons uses average exchange rates for translation. Last year's heavy rationalisation in fertilisers should bring that division back into profit, helped by an ICI-led price rise. Fisons is also cutting back hard on costs in the other divisions, although it has decided not to sacrifice pharmaceutical R & D.

Profits for the full year could turn out in the region of £6m compared with £3.8m last year and £23m in 1978, and there is the prospect of some further recovery in 1982. But the recent rise in interest rates threatens to stifle any upturn in domestic demand, and puts direct strain on the profit and loss account since Fisons is carrying some £65m of floating rate debt (not all of it in sterling). The group must be losing a lot of money on a current cost basis, and at 138p—down 2p yesterday—the shares yield 11 per cent on a maintained but very shaky dividend.

Basildon Fund

Laurence Prust has managed to be first off the mark with a fund to exploit the business start-up scheme in the 1981 Finance Act. Taxpayers will be able to channel through the Basildon Fund investments of between £5,000 and £10,000—fully offsettible against this year's taxable income. Several bigger schemes are apparently imminent which are likely to be more attractive in terms of risk-spreading, with a taxpayer's investment split between perhaps 40 ventures compared with five to 10 in Basildon.

While the legislation will no doubt make investment in the funds highly fashionable, competition is likely to push a substantial proportion of the tax incentive over to the entrepreneurs as the terms of participation are hammered out. So the competence of fund managers in picking businesses remains critical.

Markets

Last week's air of disintegration was carried over into the financial markets yesterday morning, with sterling, gilt-edged and equities all falling further, and 3-month interbank moving above 15¼ per cent. The Bank of England carried out its familiar juggling act, buying sterling on the foreign exchanges to hold the rate above DM 4.10 and then injecting funds into the discount market through overnight bill repurchases as low as 14¼ per cent (offers of paper at 14 per cent were politely refused). No doubt the discount houses would have preferred to have their bills bought outright in the present nervous climate.

Money market rates had edged down slightly by the close, while gilt-edged recovered their early losses, helped by some overdue U.S. prime cuts. But the basic problem in the foreign exchange market has not gone away; indeed the higher French interest rates make it harder than ever to keep up with the EMS. British finance directors will note with envy that the French banks' base rates have not changed. Nationalisation appears to preclude round-tripping.

BTR bids £25.5m for Serck

By John Moore

BTR, THE acquisitive UK industrial group, has launched a £25.5m takeover bid for Serck, the valve and heat transfer equipment manufacturer.

At the end of trading in the London stock market yesterday BTR had acquired a 45.1 per cent stake in Serck, just 5 per cent away from gaining control.

Mr John Pinckard, Serck's chief executive said yesterday: "On more than one occasion, Serck has made it clear that it wishes to remain independent. We do not like the way in which the present shareholding was acquired."

The group will be seeking further advice before formally telling its shareholders whether to accept the 60p per share cash offer from BTR he said.

On the London stock market, Serck's shares soared 24p to 60p.

The surprise build-up of the large stake came after BTR at the weekend gained an option to purchase a 29.7 per cent shareholding in Serck from the valve company's largest shareholder, Rockwell International, the U.S. aerospace and engineering group.

Once the option had been gained BTR moved into the London stock market in a dawn raid on Serck's shares, saying that, once it had acquired a substantial block of shares, BTR would exercise its Rockwell option and make a full bid.

Cazenove and Co, stockbrokers for BTR, managed to purchase 11.4 per cent which was sufficient to trigger the option deal with Rockwell to give BTR control of 41.1 per cent of the Serck capital. Late yesterday it was revealed that the stake had been increased to 45.1 per cent after Cazenove purchased a further 1.7m shares.

BTR's advisers, Morgan Grenfell, the merchant bank, said last night that BTR intended to purchase further Serck shares in the stock market until the group held just over 50 per cent of the issued capital. It does not propose to make any purchases that would take its holding beyond that level.

Serck has been at the receiving end of two other takeover bids within the last four years. Associated Engineering bid for the group in 1977, but this was dropped after a reference to the Monopolies and Mergers Commission. Rockwell itself made a bid in 1980 which was opposed by the U.S. Justice Department on anti-trust grounds. Rockwell was ordered to sell its stake.

Serck's pre-tax profits in its last financial year ending September 30 1980 were £3m on sales of £105.7m. For the half-year to March 31 1981 pre-tax profits were £0.2m on sales of £51.6m, compared with taxable profits of £1.2m for the same period a year earlier.

Background, Page 26

Western nations urged to speed building of nuclear power plants

BY DAVID FISHLOCK IN VIENNA

NUCLEAR INDUSTRIES in many Western countries will face serious consequences after 1990 unless more reactors are ordered now, the general conference of the International Atomic Energy Agency was told in Vienna yesterday.

Dr Sigvard Eklund, IAEA director general, warned representatives of the 91 nations at the conference that a general slowdown of nuclear power programmes beyond 1990 was inevitable if programmes are not accelerated.

He said predictions ten years ago that nuclear power would provide 50 per cent of world electricity by the year 2000 had been revised to 22 per cent.

There would be a slowdown in the rate of reactor construction from more than 10,000 MW per year in the early 1980s to less than 5,000 MW per year in the 1990s for nations outside the Comecon alliance, which has an ambitious long-term programme of reactor building, he said.

Last year, 19 reactors, totalling 18,00 MW, were ordered by Britain, France, West Germany, Japan, Korea and Romania. But the U.S. cancelled or postponed 12 reactors totalling 13,000 MW. This left a net increase of only 5,000 MW.

IAEA statistics suggest that reactor construction (excluding Comecon) will rise from 10,000 MW this year to 52,000 MW next year, then fall back to 12,000 MW in 1983 and 1984. From 1985, new orders may fall below 5,000 MW per year.

The long lead times between a commitment and commercial operation in some countries was an obstacle to more orders. This could vary from an average of 61 months in Japan, and 63 months in France, to 82 months in West Germany and 121 months in the U.S., Dr Eklund said.

Use of reactors for district heating could lead to a vast new market in colder countries. The Soviet Union was constructing two plants for district heating. Sweden and Finland were developing an inherently safe reactor, called Secure, of relatively small size, 300 Mw for this purpose.

Mr Ivor Manley, of Britain's Department of Energy, said that the energy demands of a growing world population could be met satisfactorily by the year 2000 only through a greatly increased contribution from nuclear power.

But "unhappily, the opportunities for nuclear power coincide with a wavering of public confidence," he said.

Two basic conditions had to be satisfied if nuclear energy was to play its full part:—

- Arrangements for international nuclear trade "must be secure, transparent and predictable."
- Suppliers and the international community had to be "adequately reassured that freer international trade in nuclear materials will not lead to an increased danger of nuclear weapons proliferation."

IRAQ asked the conference to expel Israel from the International Atomic Energy Agency for bombing the Iraqi nuclear research facility on June 7. Mr Rahim Abid al-Kital, head of the Iraq Atomic Energy Commission said that if the bombing went unpunished, "a very serious blow would be dealt to the IAEA and the Non-Proliferation Treaty."

Benn

Continued from Page One

Since the TGWU executive's vote was only a recommendation, both camps will now be turning all their attention on the delegation which will finally decide who the union shoud support.

Moderate Labour MPs were saying last night that the TGWU's decision showed that their worst fears about the composition of the new electoral college were justified. At the same time, Social Democrats are bound to seize on the way the TGWU ignored the wishes of so many of its members as an instance of the way the Labour Party is run by the far Left.

Before the TGWU decision was announced last night, the day had been dominated by the aftermath of Mr Healey's allegations that Mr John Lansman, one of Mr Benn's campaign organisers, had orchestrated the protests against him in Birmingham and Cardiff.

Mr Healey was forced to retract the allegation on Sunday night, but his retraction failed to satisfy the Benn supporters who were last night still talking in terms of a law suit.

Meanwhile, Mr Roy Hattersley, one of Mr Healey's most prominent supporters at Westminster, tried to regain the initiative for Mr Healey by saying that it was still Mr Benn's duty to repudiate the tactics used at the Birmingham and Cardiff rallies.

Mr Healey's basic allegation, that the barracking had been organised was not "simply true but obviously true." Mr Benn, he said, had a duty to denounce these people and to "repudiate them

Small business fund seeks £1.5m

BY TIM DICKSON

THE FIRST investment fund designed to take advantage of the Government's new business start-up scheme was launched yesterday by stockbrokers Laurence Prust.

Sponsors of the new fund say they are looking for £1.5m initially and that the idea is to use the proceeds to buy equity stakes in between five and 10 small companies.

The business start-up scheme only passed into law in this year's Finance Act. Its aim is to encourage individuals to subscribe for shares in new or recently established trading companies.

Participating investors in Laurence Prust's fund will be able to benefit from generous tax allowances under the scheme. If the shares are held for at least five years, tax relief can be obtained at the individual's top rate of tax—up to £10,000 in any one year.

Responsibility for selecting "target" companies for the new fund, known as the Basildon Fund, will lie with Triventure. This new company was formed an downed by the partners of Laurence Prust, and two businessmen, Mr Dennis Fredjohn and Mr Peter Underhill, who were previously respectively chief executive and finance director of Swiss Aluminium's UK subsidiary.

Triventure will normally have a representative on the board of "target" companies, and will offer advice as well as finance.

Investors in the Basildon Fund will be invited to deposit sums of between £5,000 and £10,000. As opportunities arise a proportion of each individual deposit will be used to subscribe on behalf of each investor for newly issued shares in a particular "target" company.

These shares will be held in a nominee company but once the tax relief deadline has passed, normally after five years, the shares will be transferred into the investor's own name. The maximum individual committment to any one company will be £2,000.

Laurence Prust expects that successful companies will ultimately seek either a full Stock Exchange quotation or a quotation on the Unlisted Securities Market so that investors can realise their shareholding.

Each investor will be charged 7 per cent of his investment as an initial fee. In addition Triventure will receive 3 per cent on uninvested cash deposited with the bank. Triventure will also be paid by "target" companies, either in cash or through options to purchase shares.

- A free eight-page booklet outlining the Government's business start-up scheme is now available from the Department of Industry's Small Firms Centres and will be available in October from Inland Revenue Tax Offices.

Weather

UK TODAY

SHOWERS and sunny intervals in most places.

London, E. and S.E. England, Midlands, Channel Isles
Sunny intervals with heavy showers dying out later. Max 18C (64F).

W. England, Wales, N. England, E. and W. Scotland, N. Ireland
Scattered showers dying out. Sunny intervals. Max 17C (63F).

Highlands N. Scotland, Orkney, Shetland
Rather cloudy, some rain, becoming brighter. Max 13C (55F).

Outlook: Changeable.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	30	86	L. Ang.†	C	18	64
Algiers	S	25	77	Luxmbg.	C	18	64
Amsdm.	F	18	64	Luxor		—	—
Athens	S	28	82	Madrid	S	24	75
Bahrein		—	—	Majorca	S	29	84
Barcina.	F	27	81	Malaga	S	30	86
Beirut		—	—	Malta	S	29	84
Belfast	C	13	55	Mchstr.	F	15	59
Belgrd.	S	29	84	Melbne.		—	—
Berlin	R	24	75	Mx. C.		—	—
Biarritz	C	19	66	Miami†	F	25	77
Bmghm.	T	17	63	Milan	F	24	75
Blackp'l	C	15	59	Montr'l†	F	7	45
Bordx.	C	20	68	Moscow	C	9	48
Boulgn.	F	17	63	Munich	S	28	82
Bristol	F	16	61	Nairobi	C	20	68
Brussels	F	17	63	Naples	S	26	79
Budpst.	F	27	81	Nassau		—	—
Cairo	S	30	86	Nwcstl.	F	17	63
Cardiff	F	16	61	N York†	F	13	55
Casbca.	F	24	75	Nice	S	26	79
Cape T.	S	18	64	Nicosia	S	28	82
Chicg.†	C	13	55	Oporto	F	19	66
Cologne	R	18	64	Oslo	T	10	50
Cpnhgn.	R	14	57	Paris	F	19	66
Corfu	S	29	84	Perth	C	16	61
Denver		—	—	Prague	S	26	79
Dublin	F	16	61	Rykjvk.	S	9	48
Dbrvnk.	S	24	75	Rhodes	S	26	79
Ednbgh.	F	16	61	Rome	S	28	82
Faro	C	23	73	Salzb'rg	S	28	82
Florence	F	29	84	S'clacot	F	11	52
Frankf't	C	20	68	S. M'ritz		—	—
Funchal	R	20	68	Singapr.		—	—
Geneva	C	26	79	S'tiago		—	—
Gibrltr.	S	27	81	Stckhm.	C	12	54
Glasg'w	F	14	57	Strasb'g	R	21	70
G'rnsey	F	17	63	Sydney		—	—
Helsinki	R	7	45	Tangier	S	25	77
H. Kong	C	29	84	Tel Aviv	S	27	81
Innsbrk.	S	25	77	Tenerife	S	24	75
Invrnss.	C	13	55	Tokyo	C	24	75
I.o.Man	C	14	57	Tor'nto†	F	7	45
Istanbul	S	24	75	Tunis	S	31	88
Jersey	F	17	63	Valencia	S	27	81
Jo'burg	S	25	77	Venice	S	23	73
L. Plms.	F	21	70	Vienna	S	24	75
Lisbon	F	21	70	Warsaw	S	26	79
Locarno	R	19	66	Zurich	C	21	70
London	F	18	60				

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

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